

ASPEN PHARMACARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES
(“Aspen”, “the Group”, “we” or “our”)

GROUP RISK MANAGEMENT POLICY

1. Group’s Risk Philosophy and Objectives

Aspen’s reputation and credibility are based upon its commitment to conducting business as a responsible corporate citizen in pursuit of the Group’s strategic objectives in creating sustainable value for stakeholders. To this end, risk management is an embedded attribute of the corporate culture at Aspen and is inherent to all business decisions, activities and transactions. Risk management is considered to be a core prerequisite to the sustainability of the Group. As such an integrated approach to risk management is implemented giving due consideration to economic, environmental and social factors which impact the Aspen and its stakeholders. Both the opportunities and threats underlying each identified risk are considered to ensure a balanced outcome between risk and reward for the sustainability of the Group as a whole.

In accordance with the King III Code of Corporate Practice and Conduct, the Board of Directors of Aspen (“the Board”) is responsible for the governance of risk. The Board has delegated this function to its Audit & Risk Committee. Executive management teams are responsible for the formulation of risk management plans and implementation thereof once these plans are approved by the Board. The Board reviews the risk management plans on an annual basis to ensure that those plans adequately support the Group’s strategic and sustainability objectives in alignment with the Group’s risk appetite. Accordingly, this risk policy is reviewed annually and amended when necessary.

The Group’s risk philosophy aims to support:

- (a) the fiduciary duties of the Group’s directors and management;
- (b) the Board’s commitment to strong corporate governance;
- (c) optimisation of opportunities for the Group in a commercially calculated and responsible manner;
- (d) compliance to legislation and regulations applicable to the Group;
- (e) sustainable enhancement of stakeholder value;
- (f) alignment of operational plans to the Group’s overall strategic objectives;
- (g) alignment of business activities and business plans to the Group’s economic, social and environmental objectives and aspirations;
- (h) promoting risk awareness and advocating good risk management practices amongst employees throughout the Group; and

- (i) the ability to offer an empowering and rewarding environment for employees and business partners, coupled with a culture of accountability in the Group.

2. Definitions

Risk is defined as an event or situation which is expected to have an impact on the achievement of business objectives upon occurring.

Risk management is defined as a process applied to identify, evaluate and appropriately respond to an event which is expected to have an impact on the achievement of business objectives.

3. Responsibility for Risk Management and Reporting

Management is responsible for identifying and mitigating risks on an on-going basis. The effectiveness of risk management plans, which are implemented by operational management, is reviewed and monitored at a level above that at which it is actioned. The Chief Executive or the Operations Director (or their equivalent) at each business unit is accountable for the overall risk management plans and risk profiles for that specific business unit. The directors of each subsidiary company of the Group are responsible for considering and formally endorsing the risk management plans and risk profiles of the company concerned. Group financial managers with regional responsibilities perform a consolidated review of the risk plans and risk profiles for each relevant operating division prior to submission of regional risk information to the Executive Risk Forum on an annual basis.

The Executive Risk Forum comprises of the Group Deputy CEO, the Group Finance Officer, the Group Operating Officer and the Group Risk and Sustainability Manager. The Chief Audit Executive attends the Executive Risk Forum meeting by invitation. The Forum is chaired by the Group Deputy CEO who reports directly to the Audit & Risk Committee.

The Executive Risk Forum monitors the effective implementation of the Group's risk management policy across the Group and ensures that key business decisions are made with reference to Group's risk appetite and that related mitigation controls are implemented in accordance with risk tolerance levels. The Executive Risk Forum is chaired by the Deputy Group Chief Executive and meets on a quarterly basis to formally assess the status of the Group's top risks and the impact of any material changes in the Group's risk landscape. The adequacy of the Group's insurance cover is also monitored. In addition, the adequacy of organisational structures to implement key risk mitigation plans effectively is considered by the Risk Forum.

The Group Risk and Sustainability Manager is responsible for providing internal risk reporting training to the Group financial managers, new functional executives and other members of the management team who participate in the risk reporting process. The Group financial managers are responsible for supporting entity executive teams with effective implementation of the risk management policy and reporting process. New members of the executive management team participate in a risk identification and reporting training session upon joining the Group.

Feed-forward and feedback mechanisms facilitate on-going rapport between the Group Risk and Sustainability Manager, the Group financial managers and/or the regional executives and managers.

4. Risk Governance Structure

The Audit & Risk Committee is presently chaired by an independent, non-executive director and consists of two other independent non-executive directors. The Executive Risk Forum comprises four members of the Group's executive team.

5. The Risk Management Approach

Risk identification and mitigation are inherent elements in the conducting all business. Risks are identified, inter alia, through the monitoring of internal incidents, results of internal meetings/forums/discussions, monitoring market intelligence relevant to the pharmaceutical industry and operating environment, interaction with identified stakeholders including customers, suppliers, the media and the investment community as well as other relevant means.

As risk management is essential to the effective execution of each function, risk identification is a live and on-going process at the operational and functional level. Executive management formally reviews risks on a bi-annual basis. The Audit & Risk Committee and the Group's Board also perform this formal review process bi-annually.

Following a management self-assessment of the control effectiveness and resultant residual risk, the proposed risk plan is reviewed and adopted in accordance with the functional reporting structure.

A risk plan could include the following courses of action:

- (a) acceptance of the risk with a risk mitigation plan;
- (b) transfer of the risk to third parties in accordance with negotiated terms and conditions of a contract;
- (c) mitigation of the risks with a mitigation plan;
- (d) deferring a proposed risk plan subject to further investigation; and/or
- (e) elevation of the residual risk to a higher level of management for further assessment.

The resultant residual risk is assessed against the Group's risk appetite in determining whether the risk mitigation plans are appropriate.

Relevant risk management frameworks are applied in the identification, management and reporting of risks in the Group. These include, inter alia, COSO, CobIT and King III.

6. Review of the Risk Management Policy

This Risk Management Policy must be reviewed by the Audit & Risk Committee on or before before 1 October of each succeeding year. In addition it may be updated more frequently should circumstances necessitate.

7. Risk Assurance

The Group's Internal Audit department provides assurance on the integrity and robustness of the risk management process on an annual basis. The Internal Audit department provides assurance on the effectiveness of risk mitigation controls in accordance with a structured audit plan. Where required, consideration is given to engaging external assurance providers to provide additional assurance and/or guidance on the risk management process to the extent that the Internal Audit department does not have the experience and capability to provide the required level of assurance.

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