



## Independent Assurance Statement to the Board of Directors and Stakeholders of Aspen Pharmacare Holdings Limited (Aspen)

ERM Southern Africa (Pty) Ltd (ERM) was engaged by Aspen to provide assurance in relation to the information set out below and presented in the 2018 Integrated Report and Sustainability Data Supplement (the Reports).

Engagement Summary	
Engagement Scope (Subject Matters):	<ol style="list-style-type: none"> <li>1. <i>Whether Aspen adheres, in all material respects, to the three AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.</i></li> <li>2. <i>Whether the 2018 data, for the period 01 July 2017 to 30 June 2018, for the selected performance indicators listed in Table 1 overleaf, are fairly presented, in all material respects, with the reporting criteria.</i></li> </ol>
Reporting Criteria:	<p><i>AA1000 AccountAbility Principles Standard (2008)</i></p> <p><i>Aspen Group Risk &amp; Sustainability Standard Operating Procedures Global Pack (03/04/2018)</i></p>
Assurance Standard used:	<i>AA1000 Assurance Standard (2008) – Type 2</i>
Assurance Level:	<i>Moderate (limited) assurance for all subject matters</i>
Respective Responsibilities:	<p><i>Aspen is responsible for preparing the Reports, and for the collection and presentation of the information within them, including the maintenance and integrity of the website.</i></p> <p><i>ERM's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</i></p>

### Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- *A review of external media reporting relating to Aspen, peer company annual reports and industry standards to identify relevant sustainability issues in the reporting period.*
- *Enquiries with relevant corporate level staff to understand changes to the sustainability strategy, policies and management systems, including stakeholder engagement.*
- *Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting on the data for the selected indicators.*
- *A review of the suitability of the internal reporting guidelines, including conversion factors used.*
- *Visits to verify source data and selected evidence at the following sites: Fine Chemicals Corporation, South Africa and Bad Oldesloe, Germany.*

- *Virtual reviews to verify source data for the following sites: East London, South Africa; Shelys, Tanzania; and Vitória, Brazil.*
- *An analytical review of the year-end data submitted by all sites included in the consolidated 2018 Group data for the selected indicators.*
- *A review of the presentation of information relevant to the scope of our work in the Reports to ensure consistency with our findings.*

## **Our conclusions**

### *AA1000APS (2008) Principles*

Based on our activities, nothing has come to our attention to indicate that Aspen does not adhere, in all material respects, to the AA1000APS (2008) principles of Inclusivity, Materiality and Responsiveness.

### *Selected Performance Indicators*

Based on our activities, nothing has come to our attention to indicate that the 2018 data for the selected indicators, as listed in Table 1, are not fairly presented, in all material respects, with the reporting criteria.

## **Our observations and recommendations**

We have provided Aspen with a separate management report. Without affecting the conclusions presented above, we have the following key observations and recommendations:

### *In relation to the Inclusivity principle:*

Aspen has formal and informal stakeholder engagement processes in place, which make provision for communication on and consideration of those issues raised by its key stakeholders at both Group and operational levels. The company's commitment to being accountable to stakeholders is stated publicly, and included in internal documents such as the Stakeholder Engagement Policy and the Aspen Code of Conduct. Stakeholders are identified and notable stakeholder engagements are reported to the Board quarterly, including material issues raised.

Aspen has updated its employee engagement mechanism, with the launch of the group-wide 'One Aspen Online' platform. The platform serves to centralise and apply a consistent level of accessibility for employees to engage with the company. Issues raised by other stakeholders are also considered as part of the annual review of Aspen's material issues and risks.

### *In relation to the Materiality principle:*

Aspen determines and reports on its material issues in a transparent and balanced manner. Issues are determined primarily through the risk assessment process, as well as through the review of internal and external information gained from various sources, including, inter alia, participation in forums to determine material issues, and consideration of stakeholder feedback received. In response to stakeholder requests during the year, Aspen introduced two additional KPI's to measure progress in achieving its diversity goals.

The Group's material sustainability issues, which are now informed by the FTSE/JSE Responsible Investment Index criteria, are translated into sustainability objectives. These objectives are aligned with the Group's strategic objectives, which are approved and monitored by the Board. Material issues have largely remained the same over the previous three years, and the Group is monitoring risks and material issues that are increasing and emerging.

*In relation to the Responsiveness principle:*

Aspen has developed appropriate and adequate policies, strategies and plans that are broadly consistent with both stakeholder and organisational interests and expectations. There are numerous mechanisms for stakeholder feedback, including routine and scheduled meetings, participation in forums and conferences, representation on industry bodies, audits, investor presentations, media statements, social media, stock exchange news service announcements, and the publication of an Integrated Report and a Stakeholder Engagement Report summarising the means of engagement with key stakeholders. Sustainability issues, as raised by Aspen's key stakeholders, are a standing agenda item at Board meetings, influencing how the organisation manages and responds to material issues.

At Board level, the Social & Ethics Committee considers and reviews safety, health and environmental performance, and that in relation to the UN Global Compact.

Aspen has made progress in water management at its manufacturing sites, especially at the South African operations, in response to the regional water shortage. Aspen also continues to progress its efforts in target development for material environmental issues. Consideration should be given to disclosing these targets and performance against targets in future reporting processes. Similarly, Aspen should consider disclosure on how its business activities align with international imperatives such as the Sustainable Development Goals.

*In relation to Selected Performance Indicators:*

Aspen's Credit 360 data management system facilitates the sustainability data reporting process which eases data consolidation and document retention. Analytical review of the data is also performed in Credit 360 with data being reviewed and approved at a number of management levels.

Change management processes were adhered to particularly well at both site and Group level with timeous correction of data being performed for most sites.

Sites with manual data collection processes would benefit from the development of site-specific procedures for reporting water and greenhouse gas emissions data. An opportunity for improvement also exists for more effective management reviews of data at the site level.

### The limitations of our engagement

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained with moderate assurance than for high assurance as per AA1000AS 2008. It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular, whether any changes may have occurred to the information since it was first published.



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ERM Southern Africa (Pty) Ltd is a member of the ERM Group and is an AccountAbility Licensed Assurance Provider. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. The ERM staff that have undertaken work on this assurance engagement provide no consultancy related services to Aspen in any respect.

**Table 1. Selected performance indicators for the 2018 reporting year presented for Moderate (limited) assurance in accordance with the Aspen Group Risk & Sustainability Standard Operating Procedures Global Pack (03/04/2018).**

Parameter	Unit	Reported 2018 Data
Disabling incident frequency ratio	Number of disabling incidents/ employee hours	0.82 (56 disabling incidents/ 13 618 187 employee hours)
Lost workday frequency ratio	Number of lost work day incidents/ employee hours	0.78 (53 lost workday cases/ 13 618 187 employee hours)
Total electricity used	GJ	663 557
Total volume of water used	Kl	1 583 560
Total amount of waste recycled	tonnes	80 973
Total amount of hazardous waste generated	tonnes	27 858
Greenhouse gas emissions (Scope 1)	tonnes CO <sub>2</sub> e	44 305
Greenhouse gas emissions (Scope 2)	tonnes CO <sub>2</sub> e	148 912