



## 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 2019 Integrated Report and Sustainability Data Supplement (the Reports).

Engagement Summary	
Engagement Scope (Subject Matters):	<ol style="list-style-type: none"> <li>1. Whether Aspen adheres, in all material respects, to the three AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.</li> <li>2. Whether the 2019 data, for the period 01 July 2018 to 30 June 2019, for the selected performance indicators listed in Table 1 overleaf, are fairly presented, in all material respects, with the reporting criteria.</li> </ol>
Reporting Criteria:	<p>AA1000 AccountAbility Principles Standard (2008)</p> <p>Aspen Group Risk &amp; Sustainability Standard Operating Procedures Global Pack (15/10/2018)</p>
Assurance Standard used:	AA1000 Assurance Standard (2008) – Type 2
Assurance Level:	Moderate (limited) assurance for all subject matters
Respective Responsibilities:	<p>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.</p> <p>ERM's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</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.
- A visit to verify source data and selected evidence at the Oss (Moleneind and De Geer facilities), Netherlands operation.
- Virtual review to verify source data for the Dandenong, Australia operation.

- *An analytical review of the year-end data submitted by all sites included in the consolidated 2019 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 2019 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. During the year, stakeholder engagement reports to the Board were enhanced with detailed information on the engagements undertaken per stakeholder group and region.

Aspen appointed a new Corporate Affairs Executive as part of the Investor Relations team, with the intention to strengthen the company's stakeholder engagement capabilities. Aspen focussed on proactive engagement with stakeholders with an increased appreciation of the impact stakeholder interests' have on Aspen's business and its reputation. Progress has been made in integrating these interests into the annual review of the company's material issues and the associated response.

### *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.

The Group's material sustainability issues are translated into sustainability objectives that are aligned with the Group's strategic objectives, which in turn are approved and monitored by the Board. Whilst material issues have largely remained the same over the last few years, the Group is monitoring risks and material issues that are increasing and emerging. During the year, the Group's material issues were compared with those reported by peer companies, those considered material by ratings agencies, standards setting bodies, international bodies, investor codes and supplier assessments. The analysis results should in future guide Aspen's prioritisation and management of material issues.

*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, as well as stakeholder engagement.

Aspen's reporting of sustainability topics in relation to international imperatives has improved, with Aspen now reporting on the alignment of the company's business activities with the Sustainable Development Goals (SDGs). Aspen has also initiated a review of the company's sustainability strategy to align with the SDGs. ERM supports this initiative and encourages Aspen to further strengthen its contribution to the SDGs by linking them to the company's sustainability commitments and corresponding performance.

Aspen has made progress in implementing water conservation projects, in piloting a renewable energy initiative, target development for material environmental issues and consideration of sustainability issues in its supply chain. Further consideration should be given to disclosing the targets and performance against them, as well as the disclosure of environmental intensity targets and performance against them in future reporting processes. Opportunities for improvement also exist in relation to the Group's disclosure on sustainable supply chain management in future reporting.

During the year, Aspen also updated the Group Sexual Harassment Policy and issued a Modern Slavery Statement to strengthen the Group's management approach to worker issues.

*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, although an opportunity for improvement exists for the formal documentation of management reviews of waste and energy data prior to reporting in Credit 360 at certain sites.

Manual data manipulation steps are necessary to derive figures reported in Credit 360 for water and energy data, presenting a risk of reporting error at certain sites. Aspen should consider automating calculation of this data at site level.

Sites such as Oss that rely on inputs from multiple sources for the collection and reporting of waste and energy data would also benefit from the development of site-specific procedures detailing the process followed.

### 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 work complies with the requirements of ERM's Global Code of Business Conduct and Ethics (available at <https://erm.com/global-code>). Further, ERM CVS is accredited by the United Kingdom Accreditation Service and our operating system is designed to comply with ISO 17021:2011. Our processes are also designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest (refer to both the abovementioned Code of Business Conduct and Ethics, and the ERM CVS Independence and Impartiality Policy (available at <http://www.ermcvs.com/our-services/policies/independence/>)). The ERM staff that have undertaken work on this assurance engagement provide no consultancy related services to Aspen in any respect related to the subject matter assured.

**Table 1. Selected performance indicators for the 2019 reporting year as reported by Aspen in the Reports.**

Selected performance indicators	Unit	Aspen reported 2019 data
Disabling incident frequency ratio	Number of disabling incidents/ employee hours	0.89 (62 disabling incidents/ 13 939 373 employee hours)
Lost workday frequency ratio	Number of lost work day incidents/ employee hours	0.82 (57 lost workday cases/ 13 939 373 employee hours)
Total electricity used	GJ	689 873
Total volume of water used	Kl	1 693 056
Total amount of waste recycled	tonnes	72 269
Total amount of hazardous waste generated	tonnes	21 453
Greenhouse gas emissions (Scope 1)	tonnes CO <sub>2</sub> e	48 095
Greenhouse gas emissions (Scope 2)	tonnes CO <sub>2</sub> e	158 899