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Social & Ethics Committee report 2020

# Social & Ethics Committee report

## Activities, mandate, composition and attendance of the Social & Ethics Committee

The table below reflects the activities undertaken by the Social & Ethics Committee during the year in terms of its Terms of Reference and in support of the Board, with the resulting outcomes from these activities:

Activities	Outcome
<b>Oversight of social and ethical issues</b>	<ul style="list-style-type: none"> <li>Reviewed and approved the policies, strategies and structures to manage our social and ethics issues, including the application of our Code of Conduct ("Code of Conduct");</li> <li>Considered regulatory developments as well as practice in the fields of social and ethics management;</li> <li>Monitored the development and application of policies, guidelines and practices in line with our social and ethics policies, King IV™*, employment equity legislation and related regulations, the Carbon Disclosure Project and the FTSE/JSE Responsible Investment Index;</li> <li>Reviewed reports on tip-offs received during the year and how these had been dealt with;</li> <li>Monitored whether management had allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements;</li> <li>Monitored health and safety of Aspen products globally; and</li> <li>Recommended such measures and/or activities which, in the Committee's opinion, may serve to enhance our overall social and ethics objectives.</li> </ul>
<b>Ensuring responsible corporate citizenship</b>	<ul style="list-style-type: none"> <li>Evaluated and monitored our performance in respect of Socio-Economic Development ("SED") and how we operate in the communities we do business in;</li> <li>Reviewed the processes in consulting and communicating with internal and external stakeholders with respect to social and ethical issues;</li> <li>Monitored progress against Broad-Based Black Economic Empowerment ("BBBEE") targets, the employment equity and skills development plans for our South African businesses, and considered the external verification of our empowerment activities; and</li> <li>Considered reports and trends in relation to our responsibilities to consumers.</li> </ul>
<b>Focusing on sustainability</b>	<ul style="list-style-type: none"> <li>Reviewed our performance in respect of sustainability considerations and assessed our performance in respect of social and ethical issues; and</li> <li>Reviewed and approved reporting on our capitals within the ambit of the Committee.</li> </ul>
<b>Considering assurance</b>	<ul style="list-style-type: none"> <li>Reviewed aspects relating to sustainability and corporate citizenship to ensure that the matters falling within the Committee's area of responsibility were appropriately and accurately reported upon and that the appropriate internal or external assurance over these matters was obtained where necessary; and</li> <li>Internal assurance obtained in respect of the Group's ethics management programme.</li> </ul>
<b>Assisted the Board in coordinating Aspen's response to COVID-19</b>	<ul style="list-style-type: none"> <li>Evaluated, guided and monitored Aspen's response to the COVID-19 pandemic, specifically in relation to ensuring the health, safety and wellbeing of employees who:               <ul style="list-style-type: none"> <li>were required to work at the Group's manufacturing sites to ensure that the supply of critical and essential medication was not interrupted;</li> <li>had to engage healthcare professionals ("HCPs") and other stakeholders as essential service workers in the field; and</li> <li>were enabled to work-from-home using digital means of communication and collaboration.</li> </ul> </li> <li>Considered the Group's response to this pandemic from an SED perspective, ensuring that support was directed to initiatives launched to provide assistance in combatting the disease in its impacts, such as:               <ul style="list-style-type: none"> <li>provision of personal protective equipment, primarily to frontline HCPs;</li> <li>assistance to medical students to ensure continued uninterrupted online learning; and</li> <li>emergency assistance to vulnerable communities.</li> </ul> </li> </ul>

### Social & Ethics Committee Terms of Reference

The Committee has adopted formal Terms of Reference as incorporated in the Board Charter which have been approved by the Board of Directors. The Terms of Reference are reviewed and amended as and when necessary. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein.

### Social & Ethics Committee members and attendance at meetings

In accordance with the relevant provisions of the Companies Act and applying the recommendations of King IV, the Social & Ethics Committee consists of a majority of independent non-executive directors, including one of whom chairs the Committee. The Deputy Group Chief Executive is also a member of this Committee. Members and the Chairman of this Committee are elected by the Board.

Senior executives of the Group attend meetings of the Committee as appropriate. A quorum for this meeting is met when a majority of members is present. In accordance with its Terms of Reference, the Committee meets at least four times annually, but more often if necessary. During the year under review, the Committee met five times.

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# Social & Ethics Committee report continued

The following table of attendance at Social & Ethics Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members:

<b>Social &amp; Ethics Committee</b>	14 August 2019	19 November 2019	<b>19 February 2020</b>	<b>4 June 2020</b>	<b>11 June 2020</b>
MG Attridge	√	√	<b>Apology</b>	√	√
KD Dlamini	√	√	√	√	√
BJ Kruger*	n/a	n/a	<b>n/a</b>	√	√
SV Zilwa (Chairman)	√	√	√	√	√

\* BJ Kruger was appointed as a member of the Committee on 1 June 2020.

With effect from 1 September 2020 (after year-end), Gus Attridge (the Deputy Group Chief Executive) stepped down as a member of this Committee, while Reginald Haman (Aspen Group Corporate Services Officer) was appointed as a member.

The overall average attendance for the Social & Ethics Committee meetings held during the year was 94.12%.

The Chairman of the Committee represents the Social & Ethics Committee at the annual general meeting of the Company each year in order to address any enquiries that may be raised and reports to shareholders as required in terms of the Companies Act.

The Company Secretary and Group Governance Officer is the secretary of this Committee.

The following aspects fall within the specific remit of this Committee:

## Ensuring integrity

### Ethics management and Code of Conduct

We have a zero-tolerance approach to unethical behaviour and we are committed to ensuring that the Group and its employees uphold Aspen's reputation as a responsible and caring corporate citizen. Our Code of Conduct is a values-based policy document that governs the conduct of all of our employees and is aligned with the Organisation for Economic Cooperation and Development's ("OECD") recommendations regarding corruption and the 10 principles set out in the United Nations Global Compact ("UN Global Compact").

Areas covered in our Code of Conduct include:

- acting in accordance with our values;
- equitable treatment for all;
- acting as ambassadors of Aspen;
- business integrity;
- gifts, entertainment and bribery;
- integrity of qualitative and quantitative information;
- protection and use of property;
- business controls;
- confidential information;
- insider trading;
- safety, health, quality and the environment;
- anti-competitive behaviour;
- political activities;
- compliance;
- accountability; and
- corporate governance.

All new employees are given a copy of, and are required to sign an acceptance of, the Code of Conduct on commencement of their employment with the Group. The Code of Conduct, which has been translated to all of the primary languages spoken by employees throughout the Group, is available to all employees on our intranet and is also contained in the employee handbook. This Code is also available  online.

Our induction programmes across the Group are intended to educate new employees on the ethics, values and the business philosophy of the Group.

Our service providers and suppliers are required to adhere to our Code of Conduct for Suppliers and Service Providers in accordance with terms and conditions included in agreements with these stakeholders.

A formalised ethics management programme is implemented annually at all of the Group's businesses. This programme is managed by the Company Secretary and Group Governance Officer under the direction of the Social & Ethics Committee and is aimed at:

- Assisting the Audit & Risk Committee and the Social & Ethics Committee in assessing our ethics profile, risks and opportunities; and
- Assisting the Social & Ethics Committee to monitor the implementation and compliance with our policies which guide expected ethical behaviour.

# Social & Ethics Committee report continued

This programme is implemented with the assistance of Regional Ethics Officers who are responsible for ensuring that a minimum set of ethics-related actions are performed at each of our businesses and which are aimed at creating awareness with key internal and external stakeholders of:

- Our values, particularly the value of integrity, our ethics-related policies and procedures and our commitment to acting as a responsible and caring corporate citizen;
- The availability of an anonymous tip-off line, how it operates and how protected disclosures may be made; and
- The consequences of unethical conduct and our zero-tolerance approach to unethical conduct.

The Group Governance Officer provides assurance to the Social & Ethics Committee in respect of the annual completion of the essential elements of the programme by submitting a certification confirming the completion of these elements. The Group's internal audit function provides additional assurance to the Committee in respect of the satisfactory implementation of the programme as it conducts regular and targeted risk-based reviews to confirm that appropriate implementation of the programme throughout the Group.

Although we conduct our business in a highly regulated environment, the potential for unethical marketing and promotional practices remains an inherent risk. We endorse the ethical marketing of medicines and have adopted a Group Code of Marketing Practice aimed at ensuring that any promotional activities and interactions with healthcare professionals, other healthcare staff, government officials, regulatory officials, patient groups, media, other stakeholders, and the general public are carried out in a responsible, ethical, professional and legal manner. All sales representatives are trained on the provisions of this code. We have a written policy on gifts and benefits in terms of which employees, including directors, are prohibited from accepting or giving gifts or hospitality that are not of a nominal value or participating in events sponsored by current or prospective customers or suppliers. Any employee who receives a gift or other benefit exceeding the local currency equivalent of USD100 is required to disclose this in writing to the Company Secretary and Group Governance Officer. Some types of gifts, benefits or entertainment are prohibited even if the value falls below this threshold. A register of gifts is maintained by the Company Secretary and Group Governance Officer and is noted by the Group Ethics Committee on a periodic basis. This register is also made available for inspection by the Social & Ethics Committee, Board or any member of senior management on request.

We do not make payments or other contributions to political parties, organisations or their representatives or take part in party politics and do not allow any of our agents to do so. Employees are free to participate in the political process in their private capacity, provided it does not constitute a breach of the principles set out in our Code of Conduct and/or the relevant employee's obligations to Aspen under a contract of employment and does not negatively influence their productivity or our reputation and credibility.

The Group's Anti-Bribery and Anti-Corruption Policy was adopted and implemented across the Group in the prior year and is applicable to our employees as well as our suppliers, service providers, consultants, agents and any third parties authorised to act on our behalf.

A Group SED Policy has been adopted and implemented, aimed at aligning the Group's SED contributions with its SED strategy and ensuring compliance with the Aspen Code of Conduct. There is also a Group Socio-Economic Development Committee in place to monitor and review the implementation of this policy and approve SED investments in excess of certain thresholds.

Our policies on ethical standards, expected conduct, forbidden activities and whistleblowing have been translated to ensure that all employees throughout the Group are able to access and understand what is required from them.

## Tip-Offs Anonymous Hotline and other whistleblower reports

We endeavour to promote a culture of openness and transparency throughout the Group and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions that they may become aware of.

An independently monitored whistleblowing hotline, Deloitte's Tip-Offs Anonymous, is available to all our stakeholders who may use the hotline to report suspected fraud and/or any other activities that are considered to be transgressions of our Code of Conduct or any of our other policies and procedures. 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. The details in respect of this hotline are also available [online](#). Our whistleblower's policy and standard operating procedure provides guidance to prospective whistleblowers and details the protections available to them, including protection against occupational detriment.

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 Group Ethics Committee. Disciplinary action was taken in instances where employees have been found to have transgressed, with corrective actions implemented where necessary to improve controls and to prevent recurrence of the incident. These corrective actions resulted in three employees being dismissed. 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.

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:

# Social & Ethics Committee report continued

Type of allegation	
Fraud/theft/arson	5
Bribery/corruption by Aspen employees/contractors	2
Unethical business practices/breach of policies or procedures	10
Sexual harassment	—
Human resources/grievance-related complaints	48
Other	3
<b>Total</b>	<b>68</b>

Of the 68 allegations received via the Tip-Offs Anonymous Hotline and other whistleblowing sources during the financial year, all have been considered by the Social & Ethics Committee and 62 are deemed to have been resolved, with six matters still under investigation. One instance of reported alleged misconduct (received via the Tip-Offs Anonymous Hotline) was found to be of material substance and was accordingly investigated. The implicated employee resigned prior to the commencement of formal disciplinary processes.

### Conflicts of interest

The Board has adopted a formal policy to regulate conflicts of interest. Directors or employees who encounter such conflicts are required to formally declare such conflicts of interest for these to be considered by the appropriate forum, which is to provide direction as to how such conflicts are to be resolved and recorded.

We also have a formal policy that deals with trading in Aspen's securities. This policy, which incorporates the JSE Listings Requirements and the requirements of the Financial Markets Act, 2012, prohibits any trade in the Company's shares by any director, their associates or executive employees of the Group during a closed period or while they are in possession of inside information. The Group has two formal closed periods, commencing 24 hours prior to the close of the interim reporting period (31 December) and the financial year end (30 June) up to the end of 24 hours after the respective results announcement is made. In addition, we may declare other closed periods or restrict dealing in the Company's shares at any other time if directors and employees have access to potentially price-sensitive information that is not in the public domain.

Directors and their associates (including directors of any of its material subsidiaries) and the Company Secretary and Group Governance Officer may only trade with prior written approval from the Chairman. Such approval is sought and coordinated through the office of the Company Secretary and Group Governance Officer. An announcement of all directors' share dealings is published in compliance with the JSE Listings Requirements.

Please refer to the further reporting on our social & relationship capital on [pages 96 to 99](#) of our Integrated Report as to how we ensure integrity.

### Human rights and labour practices

Our Code of Conduct, which has been translated to all of the primary languages spoken by employees throughout the Group, requires all employees and others to be treated with fairness, equality and respect to foster an open, transparent, progressive and trusting environment that is free from prejudice, discrimination, bias, harassment and/or violation. The reference to discrimination includes gender, race, physical health, sexual orientation and/or belief (religious) systems.

The Social & Ethics Committee monitors the implementation of policies and procedures that apply to the Group as a whole in respect of the application of the letter and the spirit of the 10 principles set out in the UN Global Compact. These principles deal, *inter alia*, with human rights, basic labour rights, environmental responsibilities and the fight against corruption. We became a signatory to the UN Global Compact with effect from 31 July 2013 and are currently an active participant in this Compact. In our capacity as a signatory to the UN Global Compact, we pride ourselves on our reputation for respecting basic human rights, engaging in fair labour practices, being environmentally responsible and having a zero-tolerance approach to corruption. Suppliers and service providers are required to agree to the Ethical Standards and Human Rights Undertaking, as included in our Code of Conduct for Suppliers and Service Providers (available [online](#)). In agreeing to the provisions of this document, these parties warrant that:

- They do not use or engage in child labour or indentured labour;
- A safe and healthy workplace is provided for employees;
- Employees are not unfairly discriminated against;
- No corporal punishment, any form of abuse or cruelty is applied or supported;
- Each employee is paid at least a minimum wage or a fair representation of the prevailing industry wage;
- All laws on working hours and employment rights relevant to the business are complied with; and
- Employees are free to join and form independent trade unions and have the freedom of association.

In accordance with The Department of Trade and Industry's BBBEE Codes of Good Practice ("BBBEE Codes"), our Transformation Policy promotes employment equity and the provision of advancement opportunities to historically disadvantaged individuals. During the year, no incidents of unfair discrimination were identified in the Group (2019: zero).

# Social & Ethics Committee report continued

## **Treating employees fairly**

Our employees are free to belong to employee trade unions and collective bargaining groups. A detailed explanation of our recognition of employees' rights to belong to trade unions and collective bargaining groups is provided in the Integrated Report.

For further information on how we engage our employees and the rights they enjoy, please refer to the reporting on our human capital on [pages 88 to 95](#) of the Integrated Report.

## **Promoting BBBEE in South Africa**

One of the primary roles of the Social & Ethics Committee is to assist the Board in ensuring that it discharges its fiduciary duties and obligations in respect of the South African businesses' transformation in accordance with approved policy. The Board recognises the critical role it plays in the development and empowerment of historically disadvantaged individuals in South Africa and that transformation is essential to the economic and social sustainability of the country. The Social & Ethics Committee, which is responsible for developing and implementing the Group's transformation strategy, while striving to ensure that management embraces transformation across the South African businesses, ensures alignment with the revised Department of Trade and Industry's BBBEE Act, and the associated Codes of Good Practice.

The Committee has defined clear guidelines and objectives for each of the five elements of the revised BBBEE Codes and has an ongoing responsibility to monitor and review all aspects of our BBBEE strategies. We achieved a Level 4 contributor status for the 2020 financial year in accordance with the Department of Trade and Industry's Codes of Good Practice. More information on our BBBEE philosophy and our transformation performance for 2020 is provided in our 2020 BBBEE report, available [online](#), and in our social & relationship capital report on [pages 96 to 99](#) of the Integrated Report.

## **Environment, health and safety**

The Committee monitors the Group's activities in respect of the environment, health and safety (including employees and the public) and does so while having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. For more information on the Group's activities in this regard please refer to the reports on our human capital on [pages 88 to 95](#) of the Integrated Report and on our natural capital on [pages 100 to 103](#) of our Integrated Report as well as the Sustainability Data Supplement (available [online](#)).

## **Responsible and caring corporate citizenship**

Our vision to deliver value to our stakeholders as a responsible and caring corporate citizen in line with our core values of making quality and effective healthcare solutions accessible to millions of patients in more than 150 countries is contained in our responsible corporate citizenship philosophy (available [online](#)). Please refer to our reporting on our social & relationship capital on [pages 96 to 99](#) of our Integrated Report for further information on our contributions to communities and the SED projects we have supported during the year.

The Committee reviews our engagements with consumers and the status of consumer relationships, monitoring complaints and pharmacovigilance reports in respect of our products and receiving quarterly reporting on the material matters affecting consumers who use our products.

**Sindi Zilwa**

*Social & Ethics Committee Chairman*



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