

ASPEN PHARMACARE HOLDINGS LIMITED AND ITS SUBSIDIARIES ("the GROUP")

SOCIAL & ETHICS COMMITTEE

TERMS OF REFERENCE

1 INTRODUCTION

- 1.1 The Social & Ethics Committee ("the Committee") is constituted as a committee of the board of directors of Aspen Pharmacare Holdings Limited ("the Company") its subsidiaries and significant joint venture entities. Although the Committee is constituted as a statutory social and ethics committee in terms of section 72 and regulation 43 of the South African Companies Act, 71 of 2008 ("the Companies Act"), it performs the duties assigned to it by paragraph 5.1 of these terms of reference and by the board from time to time in respect of the Group. The duties listed in paragraph 5.2 are those assigned to the Committee by the Companies Act and will, where relevant, only be performed in respect of the South African subsidiaries of the Group to which section 72 and regulation 43 of the Companies Act apply ("the Affected SA Subsidiaries").
- 1.2 The duties and responsibilities of the members of the Committee are in addition to those as members of the board. Although the Committee has the full authority of the board in respect of the matters referred to it, the deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgment in accordance with their statutory obligations.
- 1.3 These terms of reference are subject to the provisions of section 72 and regulation 43 of the Companies Act and the Company's Articles of Association or Memorandum of Incorporation (as is applicable).

2 PURPOSE OF THE TERMS OF REFERENCE

The purpose of these terms of reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

3 COMPOSITION

- 3.1 The Committee comprises of not less than three members who shall be directors or prescribed officers of the Company, at least one of whom shall be an independent non-executive director.
- 3.2 Members of this Committee and its chairman are elected by the board and the chairman must be an independent non-executive director.
- 3.3 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.
- 3.4 The chairman of the Committee must attend the Company's annual general meeting to answer questions, through the chairman of the board, on the matters within the scope of the Committee's responsibilities.

4 ROLE

- 4.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval.
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 4.3 The role of the Committee is to assist and guide the board to fulfil its responsibilities in respect of the following:
 - 4.3.1 adopting the necessary Group policies, strategies and structures to manage social and ethical issues;
 - 4.3.2 providing leadership and guidance to the board on social and ethical issues;
 - 4.3.3 ensuring that the board discharges its fiduciary duties and obligations in respect of the South African Group's transformation in accordance with approved policy and ensuring compliance with Broad-Based Black Economic Empowerment legislation; and
 - 4.3.4 ensuring that effective and adequate Group policies and procedures are in place to manage social and ethical risks.

5 RESPONSIBILITIES

The Committee must perform all the functions necessary to fulfil its role as stated above and including the following:

5.1 General

- 5.1.1 review and approve the policy, strategy and structure to manage social and ethics issues in the Group, including the application of the Aspen Group Code of Conduct annexed hereto, marked **Annexure 3B**;
- 5.1.2 monitor that subsidiaries develop policies, guidelines and practices congruent with the Group's social and ethics policies;
- 5.1.3 assess and measure performance in social and ethics areas with reference to the JSE Socially Responsible Investment Index and the King Code of Governance for South Africa 2009;
- 5.1.4 consider substantive national and international regulatory developments as well as practice in the fields of social and ethics management;
- 5.1.5 as appropriate, consult and communicate with internal and external stakeholders with respect to social and ethics issues;
- 5.1.6 ensure that management has allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements; and
- 5.1.7 recommend such measures and/or activities which in the Committee's opinion may serve to enhance the overall social and ethics objectives of the Group.

5.2 Statutory Responsibilities

The Committee's statutory responsibilities will be to monitor the activities of the Group and/or the Affected SA entities having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- 5.2.1 social and economic development, including the standing of the Group in terms of the goals and purposes of:
 - 5.2.1.1 the Employment Equity Act (Affected SA entities only);
 - 5.2.1.2 the Broad-Based Black Economic Empowerment Act

(Affected SA entities only);

5.2.1.3 the ten principles set out in the United Nations Global Compact Principles; and

5.2.1.4 the Organization for Economic Cooperation and Development (OECD) recommendations regarding corruption;

5.2.2 good corporate citizenship, including :

5.2.2.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;

5.2.2.2 contribution to development of the communities in which activities of the Affected SA Subsidiaries are predominantly conducted or within which its products and services are predominantly marketed; and

5.2.2.3 record of sponsorship, donations and charitable giving;

5.2.3 environment, health and public safety, including the impact of the activities of the Group and its products and services;

5.2.4 consumer relationships, including advertising, public relations and compliance with consumer protection laws; and

5.2.5 labour and employment, including:

5.2.5.1 the standing in terms of the International Labour Organization Protocol on decent work and working conditions; and

5.2.5.2 employment relationships and its contribution towards the educational development of its employees;

6 AUTHORITY

6.1 The Committee has the statutory duty to monitor the aspects listed in 5.2 above and is accountable in this respect to both the board and the shareholders. To this end, the chairman of the Committee must be present at all annual general meetings, unless a prior apology has been given, with compelling reasons. In the event of the chairman of the Committee not being present at an annual general meeting, then he/she shall appoint another member of the Committee to so attend in his stead.

- 6.2 The Committee is further entitled to:
- 6.2.1 attend any general shareholders meeting;
 - 6.2.2 receive all notices of and other communication relating to any general shareholders meeting; and
 - 6.2.3 be heard at any general shareholders meeting or any part of the meeting that concerns the committee's functions.
- 6.3 On all responsibilities delegated to it by the board outside of the statutory duties, the Committee makes recommendations for approval by the board.
- 6.4 The Committee acts in accordance with its statutory duties and the delegated authority of the board as recorded in this terms of reference. It has the power to investigate any activity within the scope of its terms of reference and to draw matters within its mandate to the attention of the Board as occasion requires;
- 6.5 The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers, company secretary or employee to provide it with information or explanation necessary for the performance of the committee's functions, subject to following a board approved process.
- 6.6 The Committee has access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.7 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee. Such delegation does not absolve the full Committee from all or any of its responsibilities.
- 6.8 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at company's cost, subject to following a board approved process.
- 6.9 The Committee makes the recommendations to the board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

7 INDEPENDENT PROFESSIONAL ADVICE

- 7.1 Members of the Committee have the right to seek professional advice from the Group's professional advisers, at the Company's expense, on all issues relevant to his/her rights, duties and/or responsibilities as a

member of the Committee.

- 7.2 If a member of the Committee is not satisfied with the advice given to him/her by the Group's professional advisers, then the member of the Committee concerned may, subject to what is stated below, seek independent professional advice:
- 7.2.1 the member of the Committee concerned must give prior written notice to the chairman of the board (or in the instance of the chairman of the board giving written notice to the lead independent director) and the company secretary of:
- 7.2.1.1 his/her intention to seek independent professional advice;
- 7.2.1.2 the name of the Group's professional adviser/s which he/she initially consulted and reasons for he/she not being satisfied with that advice; and
- 7.2.1.3 the name of the independent professional adviser/s that he/she proposes to instruct together with a brief summary of the subject matter and an estimate of the proposed cost.
- 7.2.2 the chairman of the board (or the lead independent director, as the case may be) shall provide a written acknowledgement of receipt of the notification which shall state whether the fees for the independent professional advice sought are payable by the Company. In the event of the chairman (or the lead independent director, as the case may be) stating that such fees are not payable by the Company, then the member of the Committee concerned shall be solely liable for such fees. The chairman (or the lead independent director, as the case may be) in exercising his/her rights and obligations under this clause 7.2 shall act reasonably and without delay.
- 7.3 The independent professional advice obtained by the member of the Committee in question shall be made available to the Committee and the board by the member of the Committee concerned and shall be for the benefit of the board and the Committee as a whole.
- 7.4 The member of the Committee concerned shall ensure that no potential conflicts of interest exist or can arise between the Group and the independent professional adviser/s to be engaged.
- 7.5 The member of the Committee who is seeking independent professional

advice shall ensure that the costs to the Group of the independent professional adviser/s shall be reasonable.

- 7.6 The aforesaid restrictions shall not apply to executive members of the Committee acting in the furtherance of their executive responsibilities and within their delegated powers.
- 7.7 Independent professional advice for the purposes of this policy shall exclude advice concerning the member of the Committee's personal interests (such as service contracts with the Group or his/her dealings in the Company's securities or disputes with the Group unrelated to his/her membership of the Committee.)

8 MEETING PROCEDURES

8.1 *Frequency*

- 8.1.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of four meetings per year.
- 8.1.2 Meetings in addition to those scheduled may be held at the request of the group chief executive, deputy group chief executive or members of senior management or at the instance of the board.
- 8.1.3 The chairman of the Committee may meet with the chairman of the board, deputy group chief executive or members of senior management prior to a Committee meeting to discuss important issues and agree on the agenda.

8.2 *Attendance*

- 8.2.1 Members of management as may be required, assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 8.2.2 Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.
- 8.2.3 Committee members may participate in and act at meetings of the Committee through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other at

Annexure 3

approximately the same time. Such participation by Committee members shall constitute attendance and presence in person at the meeting in question.

8.2.4 The company secretary is the secretary to this Committee.

8.2.5 If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

8.3 *Agenda and minutes*

8.3.1 The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in these terms of reference: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

8.3.2 A draft agenda must be circulated by the company secretary at least 10 (ten) days prior to each meeting to the members of the Committee requesting their input, unless urgent business dictates otherwise. A detailed agenda, together with supporting documentation, must be circulated by the company secretary at least one week prior to each meeting to the members of the board and other invitees.

8.3.3 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

8.3.4 The minutes must be completed as soon as possible after the meeting and circulated to the chairman and the Committee members for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

8.4 *Quorum*

8.4.1 A representative quorum for meetings is a majority of members present.

8.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

9 EVALUATION

- 9.1 The board must perform an evaluation of the effectiveness of the Committee every year.
- 9.2 The Committee must perform a self-evaluation of its effectiveness every year.

10 APPROVAL OF THESE TERMS OF REFERENCE

These terms of reference were approved by the board on 1 December 2011. They will be reviewed by the board and the Committee on or before 1 October of each year. In addition they may be updated more frequently should circumstances necessitate.

END
