

Directorate

Executive Directors

Stephen Bradley Saad (45) (Appointed 1999)

CA(SA)

Group Chief Executive

Chairman Transformation Committee

Michael Guy (Gus) Attridge (48) (Appointed 1999)

CA(SA)

Deputy Group Chief Executive

Transformation Committee Member

Non-Executive Directors

Arthur (Archie) Jacob Aaron (77)[#] (Appointed 1994)

BCom, LLB

Formerly a director of Werksmans Inc. Attorneys.

Directorships include non-executive Chairman of Transpaco Ltd.

Roy Cecil Andersen (61)[#] (Appointed 2008)

CA(SA), CPA (Texas)

Former Chairman and Chief Executive Officer of Ernst & Young, former President of JSE, former Chief Executive Officer of Liberty Group Ltd.

Directorships include Sanlam Ltd, Nampak Ltd and Murray & Roberts Holdings Ltd.

Chairman Remuneration & Nomination Committee and Audit & Risk Committee member.

Mogammed Rafique Bagus (46)[#] (Appointed 2003)

BA, BA (Hons) (Economics), MA (Economics and Econometrics)

Chief Executive Officer of Ehlobo Group.

Past Chief Executive Officer of Trade and Investment South Africa, a division of the Department of Trade and Industry. Transformation Committee Member.

John Frederick Buchanan (65)[#] (Appointed 2002)

CA(SA), BTh

Former Group Finance Director of Cadbury Schweppes SA Ltd.

Directorships include Business Connexion Group Ltd.

Chairman Audit & Risk Committee and Interim Chairman Remuneration & Nomination Committee.

Company Secretary

Hymie Aaron Shapiro (54)

CA(SA), HDip Tax Law

(Appointed 1999)

Nobuhle Judith (Judy) Dlamini (50) (Appointed 2005)

MBChB, DOH, MBA

Chairman

Managing Director and Executive Chairman of Mbekani Health & Wellbeing (Pty) Ltd and Chairman of Masibulele Pharmaceuticals. Shareholder and Director of Imithi Investments (Pty) Ltd.

Directorships include Northern Platinum and GijimaAst Ltd.

Transformation Committee Member and Remuneration & Nomination Committee Member.

Christopher (Chris) Nattle Mortimer (49) (Appointed 1999)

BA, LLB

Full-time practising attorney.

Audit & Risk Committee Member*.

*Resigned subsequent to year-end.

David Morris Nurek (59) (Appointed 2001)

DipLaw, Grad Dip Company Law

Executive of Investec Bank Ltd.

Directorships include Chairman of Clicks Group Ltd, Foschini Ltd, Sun International Ltd, Distell Group Ltd, Lewis Group Ltd and Trencor Ltd.

Sindiswa (Sindi) Victoria Zilwa (42)[#] (Appointed 2006)

CA(SA) BCompt (Hons), CTA, Advanced Taxation Certificate, CFP, Advanced Diploma in Financial Planning, Advanced Diploma in Banking.

Chief Executive of Nkonki Chartered Accountants.

Directorships include ACSA Ltd, Discovery Holdings Ltd, Woolworths Holdings Ltd, STRATE Ltd and Ethos Private Equity Ltd.

Audit & Risk Committee Member and Transformation Committee Member.

[#] Independent

Aspen Holdings Senior Executives

Sean Capazorio

Group Finance Officer

(Appointed 1996).

Lorraine Hill

Strategic Business Development and
Pharmaceuticals Affairs Executive

(Appointed 1994).

Mohammed Lorgat

Group Chief Risk Officer

(Appointed 1995).

Management strength

From left: Rafique Bagus, Chris Mortimer, David Nurek, John Buchanan, Sindi Zilwa, Gus Attridge, Stephen Saad, Judy Dlamini, Archie Aaron and Roy Andersen photographed at Aspen's Sterile Facility in Port Elizabeth



Aspen's recorded successes have been as a result of the effective implementation of carefully considered strategies by a committed team, which has been most ably directed.

Gastrointestinal system

Digestive diseases are classified as all diseases relating to the gastrointestinal system. This includes diseases of the oesophagus, stomach, duodenum, small and large intestines, the colon and the rectum. These conditions commonly present as ulcers and various forms of reflux. The gastrointestinal tract consists of a hollow muscular tube where food enters the mouth, continuing through the pharynx, oesophagus, stomach and intestines until it is expelled.

Commonly used medication for the treatment of acute and chronic gastrointestinal disorders includes amoxicillin, azithromycin, ciprofloxacin, clarithromycin, loperamide, lansoprazole, omeprazole and ondansetron.

Omeprazole is a proton pump inhibitor used to treat peptic ulcers and reflux diseases including gastro-oesophageal reflux disease ("GORD"), a condition in which backward flow of acid from the stomach causes heartburn and injury of the food pipe (oesophagus). Effective treatment regimes include medication with lifestyle and dietary modifications complementing healing. In more severe cases, patients are required to undergo surgery.

Lansoprazole is used to treat gastric and duodenal ulcers, GORD, indigestion and conditions where the stomach produces too much acid, such as Zollinger-Ellison syndrome. Lansoprazole is used in combination with other medications to eliminate bacteria that cause ulcers by decreasing the amount of acid produced in the stomach.

Clarithromycin is an antibiotic used in the eradication of *Helicobacter pylori* (*H.pylori* – a bacterial presence in the stomach) infection and used in combination with a proton pump inhibitor to reduce recurrence of the duodenal ulcer. Stomach acid is reduced through the eradication of the *H.pylori* bacteria, which heals the ulcer and prevents a recurrence of the condition. More than 50% of the world's population suffers from *H.pylori* infection with a higher prevalence in developing countries.

Loperamide is effective in the treatment of diarrhoea. Loperamide increases the amount of time substances stay in the intestine, allowing for more water to be absorbed out of the faecal matter. Loperamide also decreases colonic mass movements and suppresses the gastrocolic reflex (physiological reflexes controlling bowel movement).

1
Altosec sold in South Africa during 2009:

17,5* million

Altosec share of IMS category

21,5%



Altosec contains:
 Omeprazole

2
Aspen Lansoprazole sold in South Africa during 2009:

1,3* million

Aspen Lansoprazole share of IMS category

1,6%



Aspen Lansoprazole contains:
 Lansoprazole

3
Clacee sold in South Africa during 2009:

2* million

Clacee share of IMS category

2%



Clacee contains:
 Clarithromycin

4
Gastro-Stop sold in Australia during 2009:

25* million

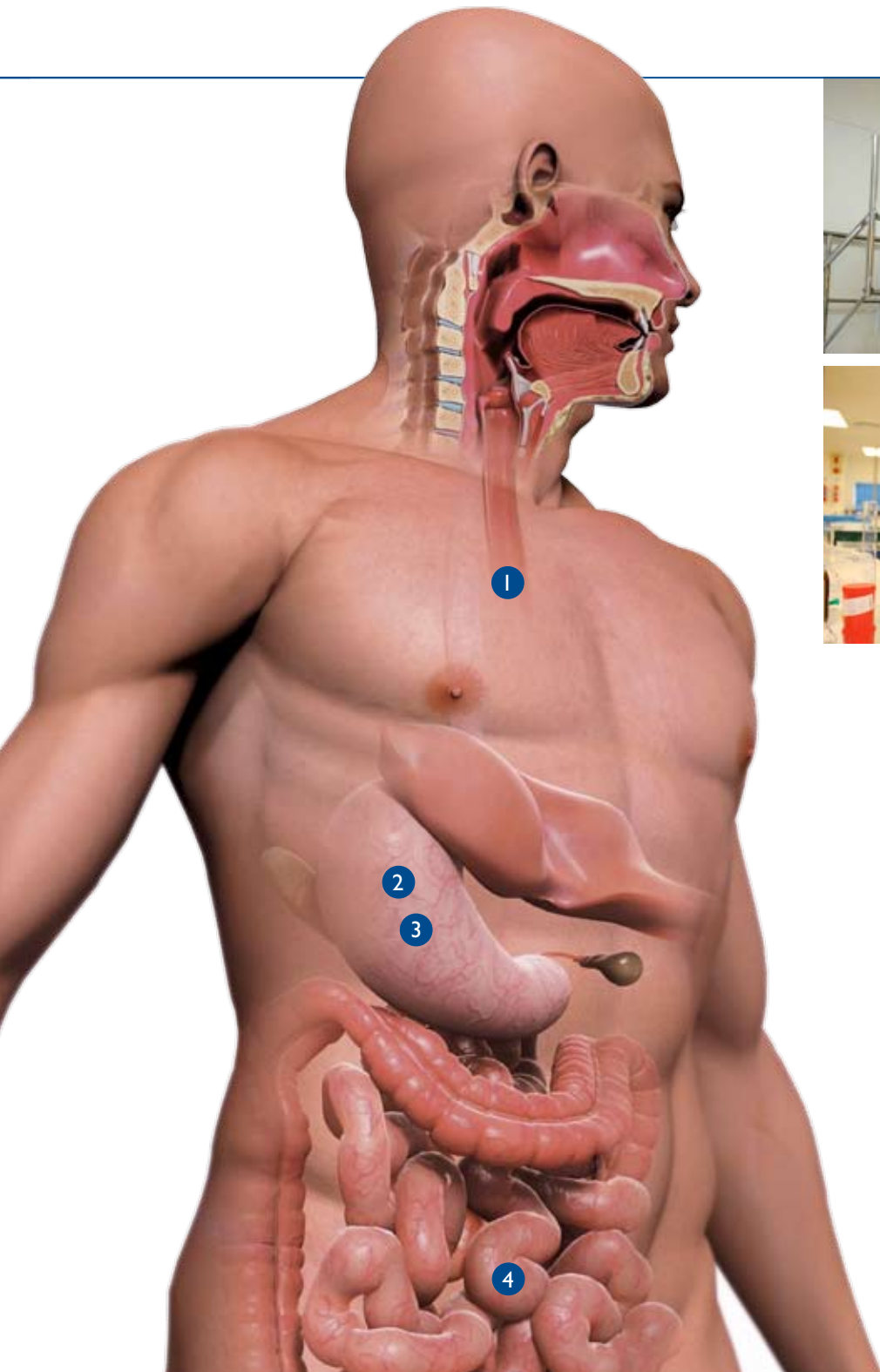
Gastro-Stop share of IMS category

29%



Gastro-Stop contains:
 Loperamide

*Counting units for all dosage forms which are sold in South Africa and Australia as reported by IMS at 30 June 2009.



Statistics indicate that at least 25 million people suffer from acid reflux each day, with 65% being in their 40s or older. Approximately 15% of all infants and young children also suffer from a form of reflux. The IMS value of Aspen's international gastrointestinal pipeline is USD429 million (source: table on page 27).

Sustainability report

EMPLOYEES

Aspen has sales and distribution businesses in 13 countries. In addition, Aspen has 14 pharmaceutical manufacturing facilities at 10 sites on three continents. Four of the sites are located in South Africa, two in East Africa, one in India and three in Latin America. The Group engages more than 5 000 employees across its local and international operations.

Aspen's positioning as one of the top 20 generic manufacturers worldwide and the largest pharmaceutical supplier on the African continent, has been achieved through the diligence and competence of its management teams and employees, who have played a pivotal role in developing the Group's international credibility and stature.

The Group's human resources philosophy aims to promote:

- > Retention of talent;
- > Acquisition of talent;
- > Growth of talent;
- > A culture of excellence;
- > Organisational transformation;
- > Positioning Aspen as an "employer of choice";
- > A talent pipeline for the future;
- > A strong leadership cadre;
- > Harmonious labour relations; and
- > A culture of accountability.

Employee engagement and retention in the South African business

Managing a robust and efficient talent pipeline remains a strategic imperative for Aspen. Progressive steps have been implemented towards improving Aspen's ability to retain and nurture talent. The adequacy of the existing skills-pool has been assessed resulting in the identification of the human resources interventions required to support the overall business strategy.

In line with the employee engagement and retention strategy, an enhanced performance management system is currently being embedded across the South African business. This will formalise the existing objective setting and performance monitoring process for employees and offer more structured development plans and career paths which are aligned to the broader operational objectives. In addition, an Executive Coaching Programme has been implemented for senior managers and executives.

All engagement and promotion decisions in South Africa are based on the total capability index which considers the following criteria pertaining to the employee:

- > Qualifications;
- > Extent of related work experience;
- > Demonstrated performance;
- > Results of relevant psychometric assessments; and
- > Value-based behavioural attributes.

Learnerships in South Africa

The number of learnerships increased from 39 to 139 during the year, thereby increasing the availability of scarce, skilled resources. These learnerships included:

- > 8 Basic Pharmacist Assistant learnerships;
- > 29 Post-basic Pharmacist Assistant learnerships;
- > 23 Fitter apprenticeships;
- > 12 Electrical apprenticeships;
- > 33 Team Leader Development learnerships;
- > 24 Productivity Improvement learnerships; and
- > 10 Chartered Institute of Management Accounting learnerships (Certificate in business accounting).

More than 90% of the employees who are benefiting from the learnerships are historically disadvantaged candidates.

During the year, 35 unemployed learners from The Uitenhage and Despatch Development Institute acted as substitutes for the 35 Aspen apprentice artisans who attended the learnership programme course. Candidates from this group, who demonstrated potential, have subsequently been appointed to other permanent roles at the Port Elizabeth facilities. Three intern pharmacists were also hosted during the year.

SKILLS DEVELOPMENT

The strength of Aspen's human resources lies in the skills, competence and experience of its employees. To develop and leverage this capability, the Human Resource Department drives the training and development needs in South Africa. Formalised training and development protocols are in the process of being implemented at Aspen's recently acquired international operations.

South African business

Aspen's training programmes ensure continuous development of all employees to enhance the skills base and to support the growing needs of the business. In this regard, priority is assigned to the development of previously disadvantaged employees who demonstrate the aptitude for fulfilling roles in the higher-level occupational categories. A total of 1 180 employees were trained during the year, of which 68% were black. Significant progress was made in the percentage of black females trained which increased from 28% in 2008 to 34% in 2009. A year-on-year comparison of skills development achievements is set out below:

Indices	2009	2008
Number of employees trained	1 180	1 120
Percentage black employees trained	68%	64%
Percentage black females trained as percentage of total employees trained	34%	6%

Leadership development

The Leadership Diamond Programme was initiated with the aim of harnessing and developing existing leadership potential in the organisation through a structured programme. The programme is tailored to match an individual candidate's aptitude and personal development objectives with the Group's leadership strategy. The Programme was attended by 24 senior line managers, representing various functions in the business.

Management development

The ongoing Growing Effective Managers Programme is aimed at identifying and grooming the Group's management talent pipeline. The programme contributes towards a broader understanding of the business and elevates an individual's level of self-awareness before developing the employee's leadership, coaching, general management and interpersonal skills. Programme modules are tailored to address the management needs required at each site. During the year 625 employees completed this programme.

Technical training

In February 2009, 86 employees across all manufacturing facilities attended GMP training conducted by expert trainers in this field. Nine key staff were identified as trainers and empowered with the necessary knowledge and skills to

disseminate this learning throughout the South African business. The programme will be conducted annually.

Other technical training courses conducted included apprenticeships and chemical operations learnerships at FCC. In total, almost 260 employees at the South African operations participated in technical learnerships and apprenticeships.

Further education

Study finance packages have been granted to 31 employees, 29 of whom are black. Aspen has also awarded bursaries to five black pharmacy students studying at the Nelson Mandela Metropolitan and Rhodes Universities in the Eastern Cape. These bursary students, who were selected through the Foundation for Pharmaceutical Education, will commence their internship with Aspen in 2010.

In order to develop and retain local pharmaceutical and synthetic chemistry skills, Aspen makes an annual contribution to the Pharmacy Department of the University of KwaZulu-Natal. The number of students supported in 2009 increased to eight from six in 2008. This initiative extended financial assistance to research students at a time when government subsidies were decreased. The first two graduates of the programme have been placed in research positions at an emerging drug discovery company in Johannesburg, which undertakes research and development of new and affordable medicines for infectious diseases.

At the FCC Facility in Cape Town, two courses were conducted for unemployed people, one for workplace skills experience and one for post-graduate experience and development. In total, seven unemployed individuals benefited from these initiatives. FCC continues to provide post-graduate workplace skills development for students from various institutions around Cape Town.

International business

Training and development of staff also took place at Aspen's international operations. As the recently acquired operations are integrated into the Group, formalised training and development plans are being implemented in accordance with Aspen's human resources philosophy.

Ongoing product sales training took place for the sales representatives at Aspen Australia.

During the year, continuous GMP training programmes were conducted at Beta Healthcare in Kenya. In addition, three technical managers attended the annual Pharmaceutical Society of Kenya Conference.

Annual management development training programmes held at Shelys in Tanzania included:

- > Effective interpersonal relationships;
- > Team building;
- > Team fairness;
- > Transactional analysis;
- > Seven habits of highly effective people; and
- > Management development, focusing on strategy formulation and implementation.

Ongoing GMP training courses were also conducted for all levels of employees at Shelys throughout the year.

At Onco Therapies Ltd in Bangalore, India, extensive technical training was undertaken. Furthermore, in order to attract talent, candidates studying towards a Diploma of Pharmacy at the JSS College of Pharmacy in Mysore, were selected as trainees. Part of their three-month induction programme is conducted at the college. During the induction programme they are given an overview of pharmaceutical manufacturing practice, quality assurance systems and related topics of relevance. In addition, the Strides Technical Education Programme initiative gives eligible employees every opportunity to continue with post-graduate studies. This two-year course is co-ordinated with BITS Pilani, a premier science and technology institute in India.

In addition, the following programmes were run in conjunction with the Indian Institute of Management, Bangalore:

- > Young Leaders Development Programme.
- > Management Development Programme.
- > Advanced Management Programme.
- > Executive Development Programme.

In Mexico, it is mandatory for pharmaceutical companies to conduct training for employees. Formal development and training programmes are in place at the manufacturing facility in Toluca. Compulsory induction training sessions are held for all new employees at the plant and refresher courses are conducted for existing personnel on a rotational basis every week. These training sessions focus on health and security, GMP, handling of machinery and tools, quality control and quality assurance. Training for sales personnel includes product-specific technical training and general sales skills training. The finance team attended tax update courses.

In Brazil, ongoing GMP training was conducted for employees.

EMPLOYEE HEALTH SERVICES

South African business

All of Aspen's permanent South African employees are members of a compulsory medical-aid scheme. Employees have access to on-site clinics which are managed by full-time nursing staff at the East London and Port Elizabeth sites. The services of a medical doctor are available to staff once a week. A wide range of health monitoring services are offered at the clinics, including vision screening, audiometry and lung function testing, family planning, HIV/AIDS counselling and employee assistance programmes. During the year, the operating hours of the clinic in Port Elizabeth were extended to support the employees during the night shifts. Ongoing awareness programmes are currently being conducted to encourage general wellness. Annual medical examinations are also conducted for employees at the Nutritionals Facility in Johannesburg. A permanent medical and health clinic, operated by a full-time Occupational Health Medical Practitioner operates at FCC where primary health services as well as medical screening, biological health monitoring and counselling for HIV/AIDS and substance abuse is provided.

The East London clinic installed a Computerised Health and Environment Surveillance System which allows for the development of medical surveillance programmes, scheduling of appointments, capturing of medical examination results and the interpretation of medical surveillance and specialised investigations. This system is also currently on trial at the Port Elizabeth clinic.

International business

In Tanzania, annual medical assessments for employees are compulsory in terms of Tanzanian regulations. All employees undergo annual medical assessments for general health checks, penicillin sensitivity tests and X-rays. A first aid representative is on site to assist with the management of workplace injuries.

In accordance with legislation, medical check-ups are carried out for employees twice a year at Beta Healthcare to ensure sustained wellness of employees.

At the Latin American operations, no formal medical check-up programmes are in place at this stage. These will be implemented in accordance with the operational requirements at these facilities.

HIV/AIDS MANAGEMENT

HIV/AIDS is a pandemic in Africa. On the other continents where Aspen is represented the impact of HIV/AIDS is not as catastrophic and hence no formal programmes are in place in these regions.

Aspen acknowledges the impact of the HIV/AIDS pandemic and has a formal policy ensuring the fair, ethical and equitable treatment of employees living with this disease. An employee's status is kept confidential and managers are appropriately coached on how to approach the situation. Employees are encouraged to undergo HIV/AIDS tests and, if tested as positive, seek medical treatment, counselling, ongoing testing and assistance from support groups. Aspen, through QualSA, provides financial support to employees and their immediate family members who are not covered by medical aid. QualSA provides specialist managed healthcare services, such as the provision of ARV therapy and nutritional supplements. Designated service providers extend this support to employees who are members of medical aid schemes. The Port Elizabeth and East London sites offer occupational health services at their onsite clinics and through programmes organised by the Family and Marriage Association of South Africa. HIV testing and peer education was offered at Aspen Nutritionals.

Aspen is committed to raising HIV/AIDS awareness amongst employees and, to this end, aims to communicate HIV/AIDS management policies, practices and procedures in a clear and unambiguous manner. A "Knowledge, Attitudes, Perceptions and Behaviour" survey is conducted annually which provides information on employees' perception of HIV/AIDS management practices in the workplace. The results of the confidential survey are used to plan relevant intervention programmes. The Group continued to expand awareness and educational interventions during the year by disseminating information booklets on the prevention, care, support and treatment of HIV/AIDS to all employees. Posters, leaflets, t-shirts and caps from the Khomonani Resources Centre, an NGO, and from QualSA, were also distributed.

The team of 38 peer educators played a valuable role in promoting Aspen's HIV/AIDS management initiatives. During the year, the peer educators received training from external consultants, Redpeg, on conducting HIV/AIDS counselling for employees. The peer educators also assisted with the filling of condom dispensers which are located in discreet areas of all corporate buildings and at the manufacturing facilities. The activities of the peer educators are offered in the workplace and are also extended to the communities in which they live.

Aspen participated in activities to acknowledge World Tuberculosis Day and World AIDS Day on 24 March 2009 and 1 December 2008, respectively. In addition, voluntary testing was offered to all employees and managers during the year in the South African business.

In Tanzania, HIV/AIDS educators from the local department of health provided training to employees. Home-based care for HIV/AIDS affected patients is extended to employees, their families and to members of the community.

HIV/AIDS awareness seminars are conducted by medical service provider, Avenue Healthcare, to employees in Kenya.

HUMAN RIGHTS

Aspen complies with and respects the relevant human rights charters and labour legislation across its worldwide operating territories. Furthermore, Aspen's Code of Ethics espouses principles of high moral integrity and sound corporate governance. Consequently, no incidents of child labour, forced labour or human rights transgressions exist in the Group. In addition, the Group is not aware of such actions committed by any of its local or international business partners.

Aspen provides a corporate culture that empowers all staff to accomplish their functional and personal development objectives, without prejudice or bias. A formal employment equity policy advocates the elimination of discriminatory practices and creates an enabling environment for all employees. The Group's total employee force consists of 48% females and 52% males.

Employees at Aspen's operations are at liberty to belong to employee unions and collective bargaining groups. As a testament to this, the South African Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union ("CEPPWAWU") is one of Aspen's empowerment shareholders. All notices of operational changes are served to the relevant employee unions, representing employees at the Group's local and international operations, within the legislated timeframes.

SAFETY, HEALTH AND ENVIRONMENT ("SHE")

The Group is committed to upholding a safe and healthy working environment. In South Africa, Aspen adheres strictly to the Occupational Health and Safety Act, 1993 and other relevant regulations. Aspen's international facilities comply with the operating legislation in the respective territories. Established and appropriate Group SHE protocols are in the process of being shared and implemented at the recently acquired international manufacturing facilities. This will ensure that appropriate SHE practices are consistently applied throughout the Group.

South African business

Aspen has encapsulated its commitment to SHE in South Africa in a formal policy. In line with this policy, management systems and standard operating procedures at all manufacturing facilities are designed to prevent activities that may pose a potential threat to health and safety. These systems and procedures are reviewed and updated annually.

A formalised SHE systems development project is currently in progress. Hazard Identification & Risk Assessments ("HIRA"), which form the foundation of the system, are currently being conducted. On completion of the HIRA, activities to support the various levels of control will be compiled and monitored. The necessary resources will be appointed and up-to-date SHE legal and other requirements will be identified. A SHE legal register, per facility, will link HIRA profiles to legal references and checklists.

International business

At Beta Healthcare in Kenya, the Health and Safety Committee conducts quarterly SHE audits. The focus on health and safety has been integrated with GMP and the operation has continued to maintain staff awareness on these issues through ongoing internal training programmes.

During the year formal SHE policies were developed and rolled-out to staff at Shelys in Tanzania. SHE policy training is currently in progress.

At Cellofarm Ltda, as per local Brazilian requirements, surveillance work was undertaken throughout the plant to map SHE risks. Internal SHE inspections are conducted to investigate reported incidents. Preventive controls are implemented, where necessary, to minimise the risk of such incidents recurring. A formal SHE policy has not yet been developed.

Enhanced safety measures were implemented at Solara SA. de CV ("Solara") in Mexico to improve equipment handling procedures.

Health and safety practices are also being implemented at Onco Therapies Ltd in Bangalore.

SHE training

South African business

All of Aspen's facilities in South Africa have health and safety officers and/or designated senior employees responsible for implementing and monitoring SHE policy adherence. In addition, new employees and contractors are obliged to attend SHE induction training, which generally informs employees of the correct procedures to be applied to ensure safe work methods and for preventing accidents.

The SHE induction programme provides training on:

- > Operational SHE policy;
- > SHE management guidelines and responsible staff duties;
- > Emergency response and control;
- > Hazard mitigation and emergency response to chlorine gas leaks;
- > Escape mask use;
- > Security guidelines for emergency situations; and
- > General SHE rules for contractors.

The SHE induction programme will be revised and aligned to the baseline HIRA for each facility, once these assessments are complete.

During the year, all SHE team members received training in first aid, fire fighting and prevention, safe operating procedures and incident/accident investigation.

SHE practice improvements were implemented in the office areas. Signage was placed at emergency exits, fire equipment was more clearly identified and emergency lighting was installed in the exit passages. Evacuation drills were conducted at the Woodmead offices and continue to take place at the manufacturing facilities.

International business

At Shelys, fire and safety training was conducted by the Ministry of Health for 50 supervisors and machine operators. GMP training was conducted in-house by the Quality Assurance Department for all production staff. This included best practice methods for handling material and production processes.

GMP training sessions were also conducted during the year at Beta Healthcare to maintain ongoing awareness of GMP.

SHE training offered to employees at Onco Therapies Ltd included training on the handling of hazardous chemicals, operation of fire equipment, general health and safety discipline and safety practices in laboratories. GMP training is also conducted for all contractors.

Health and safety training, conducted at the operations in Brazil, included courses on equipment protection, safe handling of hazardous equipment, auditory and respiratory protection and personal protective equipment training.

SHE training forms part of the weekly rotational training and development sessions at the Mexican manufacturing facility, focusing mainly on compliance with GMP.

SHE audits

South African business

During the year, no external SHE audits were conducted at Aspen's South African business. However, the national SHE Management Department implemented a SHE legal compliance internal audit programme for 2009. Accordingly all facilities in South Africa were audited during 2009 on select areas of safety and health legal compliance. Further, an environmental legal gap audit was conducted during July 2009 and corrective action was initiated. Additional health and safety legal audits have been scheduled. The national SHE strategic plan aims to ensure basic legal compliance during 2010, before the development and implementation of an integrated SHE management system in South Africa.

International business

No external SHE audits were conducted during the year at Aspen's international operations.

In Brazil, internal audits are performed by the SHE Department and reported to management and to the internal committee for accident prevention management.

Workplace injuries

South African business

Appropriate procedures have been put in place to prevent physical, psychological, mechanical and/or biological hazards in the workplace. The inherent risks giving rise to workplace injuries can be managed as far as possible but, due to human error, cannot be eliminated completely.

All reportable incidents and those requiring medical attention are investigated and the necessary corrective and preventive measures are actioned. These incidents are discussed in SHE committee meetings and recurring incidents are highlighted at the employee safety talks. First-aid incidents are specifically monitored for trend patterns.

A disabling incident frequency ratio of less than one is used as a health and safety performance indicator. This ratio is monitored at each manufacturing facility on a monthly basis.

International business

Although no major incidents were experienced at Shelys during the year, two minor incidents involving employee carelessness resulted in slight injuries. Accordingly, emphasis was placed on reinforcing adherence to safety standards through promoting health and safety awareness. All production staff also received enhanced safety training.

In Brazil, one minor incident was recorded due to an unforeseen problem with the process flow. Consequently, safe operating practices training has been introduced for all operators.

One case of injury was reported at the Mexico facility during the year due to improper machine handling by an operator. Micro switches have now been installed on machinery to mitigate this risk.

ENVIRONMENT

Aspen is committed to environmental sustainability and has a formal environmental policy in place which is aligned with the Best Practicable Environmental Option.

As one of the Top 100 JSE-listed companies, Aspen participated in the 2009 international Carbon Disclosure Project to benchmark the status of the Company's carbon footprint. The Carbon Disclosure Project required the participants to calculate their greenhouse gas emissions to create awareness and evaluate how they may be contributing to this global challenge. The feedback from this survey will be used to direct internal improvement projects. A noise and ergonomics survey was also carried out at the Woodmead offices in Johannesburg. Levels were found to be within regulated guidelines.

FCC is currently reviewing containment practices for highly active pharmaceutical ingredients and implementing corrective measures for all safety risks which are identified as being unacceptable. This includes investment in the safe containment of equipment and related processes to prevent employee exposure.

Internal environmental compliance audits, conducted by the SHE Department, commenced in July 2009. No external environmental audits were conducted.

International business

Shelys in Tanzania has developed a greenbelt environment by restoring and maintaining the gardens surrounding the factory.

Environmental training

South African business

Aspen offers ongoing environmental training. During the year under review 578 employees completed courses on waste separation and recycling, environmental legal liability, hazard response and spillage control.

International business

In-house training was conducted in Brazil to ensure prevention of residue emissions and pollution risks to the environment, specifically related to antibiotics emission.

Environmental training was implemented at Solara in Mexico to improve awareness of environmental regulations, recommended industry practice and to promote compliance.

Waste management

The Group implements procedures for the safe use and disposal of hazardous chemicals and pharmaceutical substances. No targets for waste reduction are currently in place. Total weight of waste by type and disposal method in the Group was tracked and monitored by each facility. Such waste types included hazardous and non-hazardous waste, mostly from production input materials. A number of progressive waste management initiatives were implemented during the year. These are outlined in the pages that follow. It should be noted that none of Aspen's local or international operations are located in protected areas or areas of biodiversity.

South African business

Hazardous waste at all facilities is currently transported by registered waste operators and disposed of at licensed hazardous landfill sites. The Port Elizabeth and East London facilities employ Enviroserv to co-ordinate on-site waste management, as well as to manage the transportation and disposal of all waste types.

Aspen initiated responsible container management practices during the year. The entire lifecycle of a container or drum is now monitored to minimise contamination of the environment as well as to mitigate health and safety risks. All excess containers are sold to drum recyclers through a waste management service provider.

Thermal desorption was introduced as an alternative method of waste disposal for high schedule, expired and rejected products. This method results in the complete decomposition of organic compounds and is more environmentally friendly as it results in no generation of effluent, excessive air emissions or landfill with an inert residue.

Waste management at the Port Elizabeth waste yard was extended from an 8-hour to a 24-hour service. This ensures immediate separation of waste and improved waste management. An office and canteen recycling programme was also launched at the Port Elizabeth site in October 2008 in terms of which paper, cans and plastic are separated into dedicated bins and sold for recycling.

Measures for accurate recording of waste volumes per waste stream, per facility are being implemented. On completion, targets for future waste reduction will be set.

In Port Elizabeth, effluent samples are collected monthly and results show compliance to municipal standards for acidity levels and the level of chemical oxygen demand, suspended solids, permanganate content and settleable solids.

Stringent processes are in place to manage spillages of both toxic and non-toxic products. Any incident is reported to the SHE Manager on site and authorised procedures are applied. Detailed investigations are conducted to identify the cause of the spillage and preventive measures are implemented as appropriate. Where necessary, the approved, specialist waste disposal companies are called upon to treat the affected area.

FCC's recycling management programme was expanded during the year to increase its recycling of waste solvents and

a dedicated team will permanently run the solvent recovery block in future. The low hazard industrial effluent at FCC is discharged to a municipal water treatment centre where the waste water is treated and recycled for non-drinking purposes, such as irrigation, where possible. Liquid waste, derived from sources linked to hazardous chemicals, is designated as high hazard waste and is disposed of at a certified high hazard waste disposal site in accordance with local regulations and controls for such waste.

International business

Shelys has an effluent treatment system in place for liquid waste. It is designed to treat up to 40 000 litres per day over an 8 to 10-hour period. The quality of effluent is monitored regularly to ensure that pollution is minimised. Further, the city council conducts site visits twice a year to ensure the standards are being maintained.

Solid waste disposal at the Beta Healthcare Facility is effected by approved service providers who are registered with both the Nairobi City Council and with the National Environment Management Authority ("NEMA"). Disposal of pharmaceutical substances is undertaken on approval of the Pharmacy and Poisons Board and incineration is completed at NEMA-approved incinerators. An effluent treatment plant has been provided for in the design of the new facility so as to comply with the new water legislation.

A recycling programme was introduced at the Brazilian facilities during the year. Waste from production and quality control is now segregated and destroyed in accordance with local regulations. The relevant contractor is approved by health and environmental regulatory agencies. During 2009 it is intended to introduce a further programme for waste reduction.

At Onco Therapies Ltd, an awareness of environmental responsibility was created amongst the employees on World Environment Day, which is observed on 5 June.

No significant spillages occurred at Aspen's international operations during the year.

Air pollution

South African business

No air pollution data is available at present. Accordingly, air pollution monitoring will commence during the coming year to develop sufficient baseline data to set measurable targets.

Scrubbing systems are in place at FCC to mitigate and prevent air emissions. Each scrubbing system is specifically designed for the processes they support.

International business

In order to protect the surrounding environment from contamination, exhaust air from the Tanzanian production plant is processed through appropriate filters before discharge into the atmosphere.

Continuous monitoring of emissions is in place at the Oncology Facility which complies with the local pollution control board norms.

Owing to the nature of the chemicals used at the Brazilian facilities, there is negligible risk of harmful emissions. Consequently, no formal monitoring practices are in place at this stage.

Dust collectors were installed during the year for the purpose of reducing dust emissions at the plant in Mexico.

Conservation of resources

Aspen has conservation initiatives in place at all sites worldwide to address the shortage of resources such as electricity and water. Indirect energy used by Aspen's operations includes electricity and steam.

South African business

At the Woodmead offices air conditioners are automatically shut down at the end of each day. Also, notices have been posted throughout the office park as a reminder for lights and equipment to be turned off when not in use.

At the Port Elizabeth site, two projects are underway and due for completion by June 2010. A different compressor model has been selected for the bottling line at Unit 1 in Port Elizabeth which will assist towards reducing the use

of electricity, water and chemicals. At Unit 2, a two-phase installation is underway. In the initial phase, a new chiller has been installed to improve efficiency and in the following phase, similar chillers were installed to generate hot water to re-heat the air in all air-handling units. During the latter phase, a chiller manager plant was also installed which optimises the run-time and rotates each refrigeration machine to ensure equal run-time throughout the year. This project has realised a reduction of approximately 800kW of electricity-generated heat. Further, all fan motors in air-handling units, as well as chilled and hot water pumps, use a variable speed drive, which reduces start-up current by up to six-times full load current. The change from a full fresh air system to a recirculation system has resulted in a saving of approximately 1 100kW. The ability to switch off air-handling units and isolate production areas in Unit 2 will result in a further reduction of energy consumption.

At the East London site an ongoing energy resource awareness campaign is in place. During the year, the upgraded water plant was validated and calibrated, resulting in a lower rate of permeate rejection and reducing the volume of water wasted. Cooling towers have reduced wastage of cooling water from 1 500 litres per day to 25 litres. One electrically heated high pressure cleaner replaced a steam mixer in the dries washbay which has resulted in a moderate reduction in the demand for steam. The replacement of three fresh air supply systems with a single speed control system reduced the power requirement by 36%.

At the Nutritionals Facility, a new control panel with separate thyristor drives was installed to control the starting current on the element bank. Previously, the heater elements would heat on maximum temperature. The steam control valve now regulates the temperature which is expected to reduce electrical consumption to only 25% of the previous level of usage. Power correction factor boards in the facility were upgraded in June 2009.

At FCC, the boiler heavy furnace oil burner was replaced with a more efficient unit resulting in fuel savings and all power factor correction units were serviced or upgraded to ensure optimal and efficient electricity conservation.

Energy conservation mechanisms are considered for all new facilities and equipment specifications for upgrade projects ensure that procured equipment is conducive to efficient utilisation of energy.

International business

Peak demand management at Shelys is used to ensure energy consumption is kept at efficient and cost-effective levels. Improved design of the air-handling units during the year resulted in a reduction in peak demand.

Three conservation projects, due to be implemented in Brazil during 2009, will result in significant efficiencies for the operation. These include:

- > Connection to the emergency generator of three chillers which supply cooled water for the HVAC system. This intervention is expected to save electrical power usage during peak demand;
- > Fresh water is set to be sourced from bore-wells;
- > Usable water from the reverse osmosis purification system and water purified from production is used for the gardens on site; and
- > A nitrogen plant generator was installed during August 2009. Currently, gas is acquired in cylinders at a high cost.

At Solara in Mexico, the plant's air-flow system is switched off at night, which contributes towards achieving a significant reduction in energy consumption.

CODE OF ETHICS

South African business

As part of its zero tolerance approach to unethical behaviour, Aspen is committed to ensuring that the Group and its employees remain beyond reproach. All employees in the South African business are, therefore, required to adhere to the Code of Ethics, which is based on the principles of honesty, integrity and fairness. New employees are introduced to the Code of Ethics at the induction training sessions and it is also posted on the intranet and on public notice boards throughout the Company.

The Code of Ethics prohibits corruption, requires employees to conduct their activities with integrity, to disclose any conflict of interests, to report unethical behaviour and to adhere to operating protocols. It further protects the Group's intellectual and physical property, prohibits insider trading and upholds "Best Corporate Governance Practice" at all times, whilst promoting fair, ethical and statutorily compliant business practices.

International business

The Aspen Code of Ethics is currently under review to accommodate the expansion of the Group. Aspen's international operations currently comply with relevant industry codes of conduct in the various regions. At Aspen Australia, all employees have signed the Aspen Code of Ethics which is currently being rolled out at the recently established international operations.

Whistle-blowing

To enforce the Code of Ethics, Aspen has a whistle-blowing policy that obliges all employees to report any unethical, improper or unlawful conduct. Improper conduct is defined as criminal behaviour; fraud, financial mismanagement, money laundering, unfair discriminatory practices, actions threatening health and safety, harassment and corruption.

The policy provides a framework whereby employees can anonymously report such improper conduct to line managers, the senior executive of the division, the Group Risk Management Department or "Tip-offs Anonymous", an independently operated whistle-blowing hotline. There were six tip-off calls logged during the course of the past year. Each of these were investigated but no material consequences were forthcoming.

STAKEHOLDER ENGAGEMENTS AND COMMUNICATION

Stakeholder engagement in the South African business has been well established over the years. Steps towards identifying and actively engaging Aspen's relevant stakeholders in the international operations will be taken as Aspen embeds its presence in these new regions.

Stakeholder	Means of engagement
<p>PEOPLE</p> <p>Employees</p>	<ul style="list-style-type: none"> > Routine and specifically scheduled functional and cross-functional meetings as required; > Notice boards to display relevant announcements are accessible to staff across the departments; > The Company intranet is available for online access to key notices and pertinent information; > Sales conferences are held and attended by the sales teams, executives and representatives from relevant support functions; > An annual strategic conference is held for executives to discuss Group strategy; > Letters/emails are sent to employees regarding policies, procedures and/or employment related information; > Workshops and training sessions are held to create an awareness of and provide training on new processes, new technology and for continuous learning; > Employment equity committees exist in South Africa to promote the development and advancement of previously disadvantaged individuals; > Annual results presentations and selected strategic announcements are delivered to Group executives and management who then disseminate the information to operational staff; > An open-door policy culture exists for ongoing communication and interaction amongst colleagues; > The <i>Tip-Offs Anonymous</i> hotline is managed independently by Deloitte for the reporting of fraud, theft and unethical behaviour in South Africa.
<p>Trades union</p>	<ul style="list-style-type: none"> > Union representatives are elected to liaise with management on matters affecting union members; > An Industrial Relations Manager is responsible for managing the relationship with the employee unions and relevant industrial labour organisations and to represent the Company at the Commission for Conciliation, Mediation and Arbitration ("CCMA") in South Africa.
<p>Bargaining council</p>	<ul style="list-style-type: none"> > Meetings are held with the bargaining councils as required; > The Industrial Relations Manager represents the Company at the bargaining council meetings in South Africa.
<p>Academia/institutions</p>	<ul style="list-style-type: none"> > Interaction is managed with institutions and academia as required by a dedicated executive; > Aspen is represented at seminars, conferences, student days hosted by institutions and Aspen also participates in career development programmes.

Stakeholder	Means of engagement
OPERATIONS	
Pharmaceutical regulatory authorities	<ul style="list-style-type: none"> > Audits and site inspections are conducted by authorities per notification; > Correspondences, as required, are entered into with regulatory authorities for purposes of managing regulatory matters regarding the regulatory status of facilities and the registration status of intellectual property; > Meetings are held with regulatory authorities when necessary.
Healthcare industry	<ul style="list-style-type: none"> > Representation on the pharmaceutical industry bodies and relevant commercial and trade associations.
Suppliers	<ul style="list-style-type: none"> > A centralised Procurement Department exists in South Africa to identify new suppliers and manage supplier relationships; > Meetings are held with vendors as necessary; > Vendor audits are conducted where required; > Relevant vendors are involved in assisting with the supply of materials for new product launch processes where necessary; > Representatives attend international supply symposiums to identify new suppliers and meet with existing suppliers.
Government and local authorities	<ul style="list-style-type: none"> > Interaction with government departments and officials as required.
Customers including the national and provincial departments of health, healthcare practitioners, provincial healthcare authorities, healthcare providers, healthcare funders and patients	<ul style="list-style-type: none"> > Direct calling by qualified sales representatives for the various customer groups; > Representatives' participation at relevant conferences to interact with customers; > Corporate and product advertising is undertaken to create brand awareness and market products as permissible by marketing codes; > Implementation of corporate and product awareness campaigns and product awareness sessions as relevant; > Correspondences, as required, sent to customers; > Aspen newsletters are sent to customers containing product information, relevant general information and information about events; > Dedicated sales teams interact with specific customer groups; > Customer call lines are in place; > Site visits to manufacturing facilities as arranged; > Participation in State tenders.
Partners	<ul style="list-style-type: none"> > Ongoing communication and interaction; > Meetings as required; > Site visits to manufacturing facilities as arranged; > Personal interaction with third parties by relevant senior executives; > Information-sharing projects are undertaken for mutual benefit; > Dedicated technical transfer project teams are formed to manage manufacturing transfer plans and distribution transfer teams to manage supply arrangements.

Stakeholder	Means of engagement
<p>CORPORATE Investors, healthcare analysts and media</p>	<ul style="list-style-type: none"> > A dedicated Investor Relations Manager is responsible for the information needs of existing and potential investors and healthcare analysts; > Corporate presentations are delivered by the Group Chief Executive and Deputy Group Chief Executive to investors, healthcare analysts and the media for the communication of financial results and for information regarding significant corporate activity; > A conference call follows corporate announcements to accommodate international investors and analysts to provide an opportunity for investor participation; > One-on-one meetings and interviews are held to cater for specific information needs of investors, analysts and media groups; > Continuous interaction takes place with investors and media between closed periods; > Distribution of a comprehensive annual report and the interim results booklet to all investors; > Scheduled site visits conducted for investors and analysts periodically; > SENS announcements are made to communicate information pertaining to corporate activity and Group results; > Investor-relevant information can be accessed on the Aspen Group website.
<p>Shareholders</p>	<ul style="list-style-type: none"> > Annual general meetings are held as per statutory requirements; > The annual report is distributed to shareholders; > Shareholders are able to access disclosable information through the Company Secretary; > SENS announcements communicate information pertaining to statutory corporate activities which impact shareholders and directors' share dealings; > Selected statutory information is available on the Aspen Group website; > Selected announcements are published in both English and Afrikaans in the printed press after release on SENS; > Statutory correspondences are posted to shareholders as required by the Companies Act; > Institutional shareholders can access information regarding corporate activity through the Investor Relations Manager.
<p>Community</p>	<ul style="list-style-type: none"> > Aspen supports local community projects through the CSI programme; > A dedicated CSI Manager liaises directly with community project leaders and visits project sites; > Peer educators offer HIV/AIDS training to communities in the Port Elizabeth area.
<p>Consultants and service providers</p>	<ul style="list-style-type: none"> > Information sharing and interaction when services are procured for expert/specialist services including technical consultants and the media; > A dedicated Communications Consultant is responsible for corporate communication including inter alia media relations and management, corporate identity and branding, internal and external positioning.
<p>Funders and corporate bankers</p>	<ul style="list-style-type: none"> > Regular communication with funders regarding performance against covenants; > Frequent contact with providers of finance to keep abreast of conditions in the capital markets; > Engagement with bankers in respect of the Group's potential future funding requirements.

AFFILIATIONS TO INDUSTRY BODIES

Aspen's South African business is an active member of the following industrial organisations:

- > Pharmaceuticals Made in South Africa ("PHARMISA") – a local pharmaceutical producer trade association. An Aspen representative serves as the chairman of this organisation.
- > Pharmaceutical Pricing Task Group ("PTG") – an industry-wide pharmaceutical organisation, focusing on pharmaceutical pricing discussions with government.
- > Business Unity South Africa ("BUSA") – an over arching business organisation, representing the various business chambers.
- > National Economic Development and Labour Council ("NEDLAC") – an organisation which facilitates dialogue between the Government and organised business, organised labour and organised community groupings on a national level to discuss issues of social and economic policy.
- > India, Brazil, South Africa ("IBSA") Business Forum – a forum to promote trade relations between these regions. An Aspen representative serves on the IBSA Steering Committee.
- > UNAIDS – a joint venture of the United Nations family, bringing together the efforts and resources of 10 United Nations system organisations in order to help prevent new HIV/AIDS infections, care for people living with HIV/AIDS, and mitigate the impact of the epidemic. An Aspen representative serves as the chairman of UNAIDS Suppliers Regulatory Task Team.
- > Global Fund for AIDS, Tuberculosis and Malaria ("GFATM") – an international financing institution investing a pool of globally sourced funds to save lives. The fund supports the prevention, treatment and care programmes of these three diseases.
- > The Healthcare Charter negotiation team – an industry representative body which conducts research and makes detailed written submissions to the DoH in the development of the Healthcare Charter.
- > The Pharmaceutical Industry Association of South Africa ("PIASA") – an alliance of pharmaceutical companies with the common objectives of developing the local pharmaceutical manufacturing sector into a sustainable industry to secure a supply of safe, affordable, quality pharmaceuticals in South Africa, and of developing skills and capacity in the sector.

- > The executive forum of the Private Healthcare Forum ("PHF") – represents key strategic interests in the private healthcare sector in South Africa. It is intended that the PHF be used as a platform to articulate sector views and opinions in the interests of sustainable and quality healthcare in the country.

Aspen's international operations are affiliated to the following industrial bodies:

- > The Australian Self Medication Industry ("ASMI") – a body representing companies involved in the manufacture and distribution of consumer healthcare products in Australia. The association focuses its efforts on supporting the progress and development of the self-care products industry, including both OTCs and complementary products.
- > The Pharmaceutical Export Promotion Council set up by the Indian Ministry of Commerce ("PHARMEXCIL") – an export promotion council which makes representations to the government of India and other agencies in India and abroad to find amicable solutions to common problems facing the pharmaceutical industry.
- > American Management Association ("AMA") – a global non-profit association supported by its base of partners, provides a wide range of management development education services for individuals, companies and government offices around the world.
- > Mexican Business Information Systems ("SIEM") – a database of customers, vendors, tools for developing business and information on support programmes offered by the Ministry of Economy.

Transformation report

Aspen recognises the importance of transformation, not only within the Group but also within the broader South African business environment. BBBEE is a framework that contributes towards rectifying the exclusions and imbalances of the past and enables South Africa's sustainable growth into the future.

ASPEN'S BBBEE GOALS

Aspen's objective is to achieve and maintain a "Level 4" contributor status in terms of the Department of Trade & Industry's Codes of Good Practice ("DTI Codes").

In an audit conducted by independent BBBEE accreditor, *Empowerdex*, in September 2009, Aspen attained a Level 4 contributor rating in terms of the DTI Codes with an overall score of 69,2% or an "A" rating. An overview of the Group's progress towards compliance is outlined below:

TRANSFORMATION COMMITTEE

The Transformation Committee was established in 2006 to assist the Board in driving Aspen's transformation, BBBEE statutory compliance and adherence to transformation best practice. It is chaired by Group Chief Executive, Stephen Saad, and further comprises the Deputy Group Chief Executive, Gus Attridge, the Chairman of the Board, Judy Dlamini, and two independent non-executive directors.

In 2009 Aspen was ranked 28th out of 110 companies, in the *Financial Mail/Empowerdex Survey of Top Empowerment Companies*. This recognised the credibility of the Group's BBBEE platform. Of the ranked companies, 63 were verified.

A formal Charter governs the Committee, setting out its responsibility for developing transformation strategy, reviewing the transformation policies, monitoring the BBBEE scorecard and providing guidance on management's approach to pursuing BBBEE initiatives. In fulfilling its responsibilities, the Committee has upheld the principles of good corporate governance, sustainability of the Group and employment equity.

The Committee met four times during the year. Details of attendance are set out in the Corporate Governance Review on page 78.

DTI Code	Progress	Verified Scorecard rating September 2009	Self-assessed score August 2008 (Restated)
Ownership	Full ownership points were achieved due to BBBEE equity holding	22,0	23,0
Management control	Score has improved due to both promotion and recruitment of black managers	5,2	4,9
Employment equity	Score was improved due to increased employment of black candidates for appropriate positions	10,5	8,6
Skills development	R11,4 million spent on skills training and specific projects implemented to upgrade employees' skills levels	8,6	3,7
Preferential procurement	Significant progress made in procurement from BBBEE-compliant companies	15,3	10,3
Enterprise development	Qualifying contribution terminated prematurely. Specific opportunities are being evaluated within the pharmaceutical industry as well as broader services	4,2	6,4
Socio-economic development	Aspen increased spend on CSI projects which focus on upgrading of clinics and improving access to healthcare in rural areas	3,4	1,5
Overall score		69,2	58,4

OWNERSHIP

At year-end, Aspen's direct BBBEE shareholders owned 22,8 million shares with CEPPWAWU holding 9,2 million shares and Imithi Investments (Pty) Ltd holding 13,6 million shares. Imithi Investments (Pty) Ltd also held 17,6 million preference shares, which carry a right of conversion into Aspen ordinary shares on a one-for-one basis in June 2012. In the interim, the preference shares enjoy full voting rights on a *pari passu* basis with ordinary shares in Aspen.

Imithi Investments (Pty) Ltd exercised a call option it had over a further 6,1 million ordinary shares which were held by the Industrial Development Corporation of South Africa. These shares were then sold and the proceeds reinvested in the Imithi Investments (Pty) Ltd funding structure. CEPPWAWU also disposed of 11,8 million shares. The net proceeds from disposal (after settling all amounts owing in respect of the purchase of these shares) of R456,1 million are held in the CEPPWAWU Development Trust, the benefits of which will accrue to union members, almost all of whom are previously disadvantaged employees. Through this process, the Group's BBBEE initiatives have reached a further stage of maturity as the proceeds realised from the shareholding are used to pursue broad-based upliftment.

Total voting rights held by BBBEE shareholders in Aspen's South African operations at year-end, as measured under the principles of the DTI Codes, amount to 26,4%.

In accordance with the DTI guidelines, the BBBEE ownership points awarded to a company at any point in time continue

to accrue to the company even after the disposal of some or all of the qualifying equity holding by BBBEE shareholders. The duration of this entitlement is matched to the period for which the qualifying shares were held by the BBBEE owner.

PREFERENTIAL PROCUREMENT

Aspen's Preferential Procurement Steering Committee has set internal targets to measure BBBEE spend against preferential procurement objectives. The Steering Committee is further committed to driving increased procurement spend with 50% black-owned and/or 50% black female-owned businesses. However, due to the high barriers to entry in the pharmaceutical industry that demand stringent GMP and high regulatory compliance standards to be met, many local suppliers are unable to meet and maintain these prerequisite levels. The Steering Committee evaluated and categorised the Group's suppliers with some success, increasing purchases from qualifying suppliers to 61%. Aspen has made good progress in the procurement of packaging materials and supply chain services from accredited South African suppliers. The Group has also considered relevant BBBEE criteria in the selection of suppliers for the capital expenditure projects undertaken at the South African operations, including the construction of the Sterile's Facility and the facility upgrade projects.

In an attempt to encourage local suppliers to seek independent BBBEE accreditation, workshops were hosted to increase suppliers' awareness of the opportunities and long-term benefits of obtaining BBBEE-compliance. In this way, the potential pool of qualifying suppliers can be increased.

The status of preferential procurement objectives, as audited by *Empowerdex* in September 2009, is tabulated below:

	Verified Scorecard rating 2009	Five-year target per DTI Codes
Spend on all qualifying suppliers	61%	50%
Spend on QSEs, EMEs	12%	10%
Spend on 50% black-owned/50% black female-owned	1%	15%
Total preferential procurement score (points)	15,3	20,0

BOARD REPRESENTATION

Aspen's current Board includes three black directors which achieves 30% black representation.

Dr Judy Dlamini was appointed to the Board in 2005 and has been Chairman since November 2007. She serves on Aspen's Remuneration & Nomination and Transformation Committees. Judy played a key role in the formation of Imithi Investments (Pty) Ltd, one of Aspen's BBBEE partners. She is the Managing Director and Executive Chairman of Mbekani Health and Wellbeing (Pty) Ltd, a medical doctor and also holds an MBA. Judy's involvement outside medicine has included corporate finance and business management. Judy is currently also a non-executive director of Northern Platinum Holdings Ltd and GijimaAst.

Sindi Zilwa was appointed to the Board in September 2006 as an independent non-executive director and also serves on Aspen's Audit & Risk and Transformation Committees. Sindi became only the second black, female chartered accountant in South Africa in 1990. Her qualifications include an Advanced Taxation Certificate, an Advanced Diploma in Financial Planning and an Advanced Diploma in Banking. She is currently the Chief Executive of Nkonki Chartered Accountants, and has been a member of the South African Institute of Chartered Accountants' GAAP Monitoring Panel. Sindi holds non-executive directorships with ACSA Ltd, Woolworths Holdings Ltd, Discovery Holdings Ltd, STRATE Ltd and Ethos Private Equity Ltd and is also the former chairperson of the BUSA Standing Committee on Transformation.

Rafique Bagus was appointed to the Aspen Board in 2003. Rafique previously served as Chief Executive Officer of Trade and Investment South Africa, a division of the Department of Trade and Industry. He was tasked with the responsibility of promoting, developing and co-ordinating exports from and direct investment into South Africa.

EMPLOYMENT EQUITY

In South Africa, Aspen places particular emphasis on the advancement of historically disadvantaged groups. Employment equity targets are in place and the Group submits annual status reports to the South African Department of Labour. Recruitment strategies support the identification and selection of adequately qualified employment equity candidates. Promotion and skills development are aligned with the relevant department's employment equity targets.

The number of females represents more than 50% of the employee base in South Africa. As verified by Empowerdex during August 2009, black employees constitute 77,1% of Aspen's workforce in South Africa, with black female representation comprising 43,2%.

Employment equity developments

During the year, Aspen was subject to an employment equity inspection by the Department of Labour. The Group was found to be fully compliant with all material administrative requirements of the Act and also complied with best practice standards. As a suggestion to further improve employment equity in the Group, the Department of Labour recommended holding Employment Equity Committee meetings more frequently. Following this inspection, a workshop was held with general managers and their management teams which resulted in a number of positive outcomes including:

- > a common understanding of the employment equity policy and targets 2007 – 2012;
- > compilation of departmental equity plans and focused monitoring of appointments and promotions against these targets;
- > standardised and mandatory employment equity meeting agenda items;
- > the scheduling of bi-monthly meetings, per site, for the year;
- > recording and disseminating minutes of meetings;
- > evaluation of the content of minutes received against code of good practice requirements;

- > a focused effort to recruit disabled staff through specialist recruitment agencies and approaching organisations for the disabled to identify prospective candidates; and
- > mandatory diversity management training for all employment equity committee members.

Two new programmes were introduced to improve the implementation of employment equity best practices and these programmes will be rolled out to all staff in the South African business. During 2009, 231 employees participated in the Valuing Diversity Training Programme conducted for staff and in the Management Diversity Training Programme which was attended by managers.

The recruitment and development of previously disadvantaged individuals is prioritised in order to groom a pool of employment

equity talent for future advancement opportunities. The low rate of employee turnover in the South African business and the specified capability, skills and experience required to be employed to support business objectives have prevented accelerated achievement of targets in the short term.

SKILLS DEVELOPMENT

Refer to the section on skills development in the Sustainability Report on page 54.

CORPORATE SOCIAL INVESTMENT

Refer to the CSI Report on page 74.

Corporate social investment report

Aspen's CSI philosophy of *Healthcare. We Care* has been the Group's guide for more than a decade. One of the areas in which the Group has contributed to the upliftment of previously disadvantaged communities, has been through the construction and improvement of several primary healthcare facilities. These clinics treat acute conditions and provide HIV/AIDS services such as voluntary counselling and testing, information on prevention of mother-to-child transmission, provision of ARVs and more.

1 ENCOBO CLINIC – Engcobo, Transkei. Patients seen per year: ±21 000

In 2001 Former President Nelson Mandela opened the Engcobo Clinic, which was built by Aspen. This facility provides the community with a comprehensive primary healthcare centre including a counselling service and home-based caregivers. Aspen has supported the clinic since its inception and has recently expanded the facility to provide for a more improved and conducive environment for patients and staff alike.

2 WELLS ESTATE WELLNESS CENTRE – Motherwell, Eastern Cape. Patients seen per year: ±60 000

Aspen enhanced this primary healthcare centre in 2007 in partnership with the local municipality. Services provided by the team of healthcare professionals include *inter alia* chronic disease management, HIV and AIDS management, dental treatments and antenatal services. Aspen recently also provided financial assistance to install a hydroponic vegetable farming system to encourage a healthier lifestyle and contribute towards improving the community's immunity levels.

3 MDUKU CLINIC – Umkhanyakude District, KwaZulu-Natal. Patients seen per year: ±45 000

Aspen's recent financial support provided for the expansion of facilities at this comprehensive primary healthcare clinic. Serving a community of approximately 13 000, patients receive an extensive range of treatments from the resident and visiting healthcare professionals, including highly active ARV therapy for 850 adults and 64 children.

4 MNQOBOKAZI CLINIC – Umkhanyakude District, KwaZulu-Natal. Patients seen per year: ±36 000

Aspen's construction of additional facilities at this clinic is due for completion by the end of 2009. The community of 10 000 depend upon the comprehensive range of primary healthcare services provided by the clinic's team of nurses and visiting doctors. An effective highly active ARV therapy programme presently treats 450 adults and 34 children, while approximately 3 000 consultations take place each month.

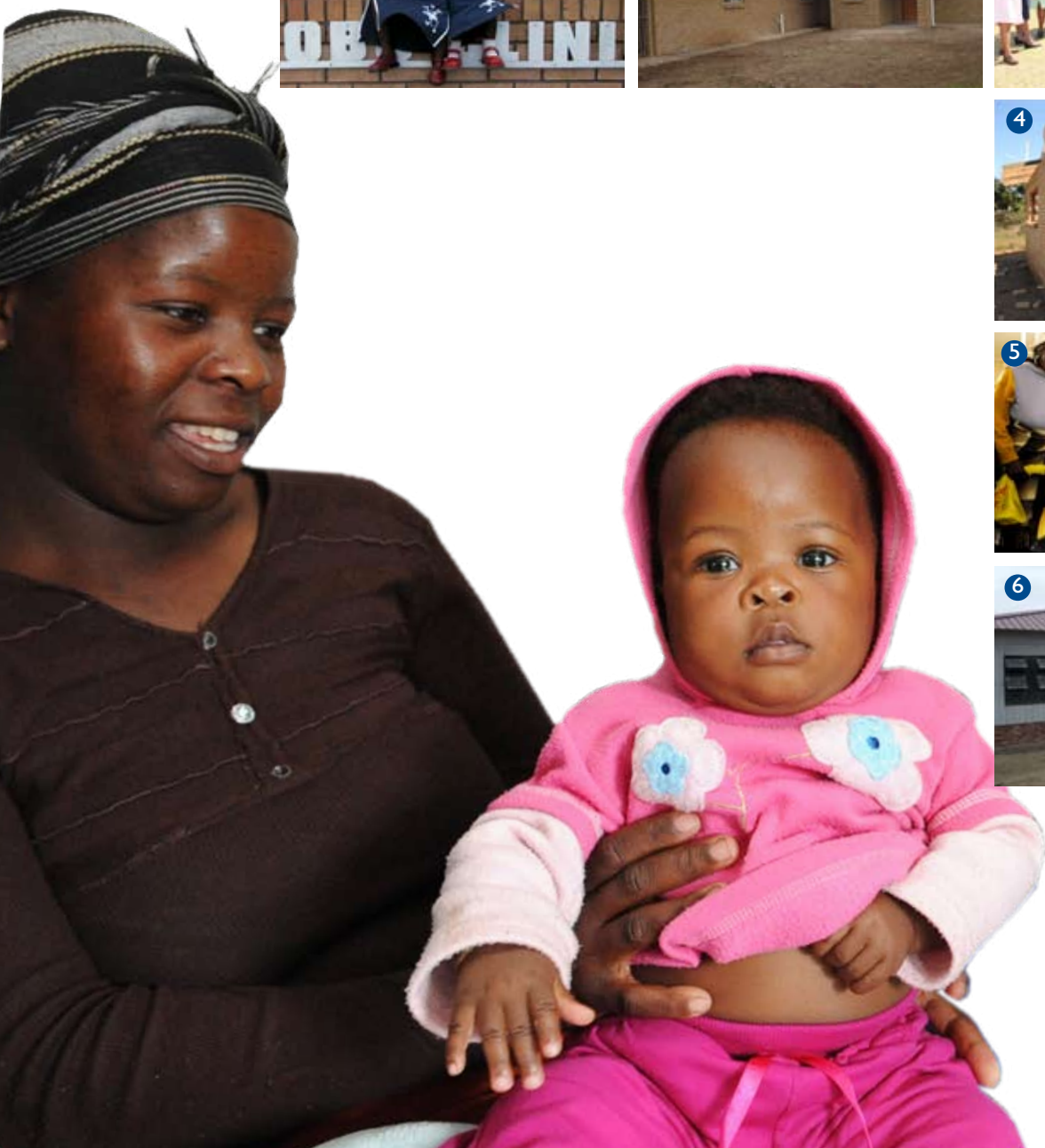
5 NAMAHAADI CLINIC – Thaba Mofutsanyane District, Free State. Patients seen per year: ±82 000

Aspen has provided financial support for the construction of additional facilities at this clinic. The need for infrastructural improvement was driven by the community's high demand for primary healthcare services offered at the clinic. The healthcare professional team treats nearly 24 000 ARV patients annually.

6 UTAH CLINIC – Manyeleti Game Reserve, Mpumalanga. Community to treat per year: ±50 000

Aspen commenced construction of this primary healthcare clinic in 2009 in association with the Mpumalanga DoH and other corporate companies. The clinic will provide the services of resident primary healthcare nurses under the supervision of a doctor, and it is expected to be complete during 2010.

Uplifting communities



Aspen remains committed to the upliftment of previously disadvantaged communities through multiple projects including the enhancement to and building of six primary healthcare clinics across South Africa.

Aspen's CSI strategy remains underpinned by the Group's guiding principle 'Healthcare. We care'. CSI initiatives are aligned to projects which support the enhancement of healthcare, particularly those initiatives aimed at the prevention and management of HIV/AIDS and Tuberculosis. As a South African-based Group, Aspen's primary commitment is towards CSI projects in South Africa.

CSI AT ASPEN'S SOUTH AFRICAN OPERATIONS

New HIV/AIDS projects

Aspen's support of HIV/AIDS projects was extended during the year with the addition of the following initiatives:

Aspen introduced financial support of the Soweto Hospice and the Hope Cape Town Trust.

- > The Soweto Hospice is a branch of the Houghton Hospice which provides comprehensive palliative care to the increasing number of terminally ill patients and their families in Johannesburg and Soweto. Primarily focusing on HIV/AIDS and Tuberculosis, the Soweto branch is well established and has recently extended its services to Diepkloof. The Hospice also runs the Mapetla Day Care Creche where regular Tuberculosis testing and vaccinations for polio and measles are offered.
- > The Hope Cape Town Trust is situated at the Ithemba Ward at Tygerberg Academic Health Complex. The Trust integrates all services for HIV-positive children in the ward, maximises resources for home-based care visits and ward programmes promote the effective use of ARV treatment.

Continuing HIV/AIDS projects

During the year Aspen continued its support of a number of organisations which are active in the fight against HIV/AIDS. The Group has fostered long-standing relationships with these organisations through financial and other support. Aspen retained its commitment to the following selected HIV/AIDS-related causes:

- > The South African Business Coalition on HIV/AIDS ("SABCOHA") is a business representative on the South African National AIDS Council which aims to co-ordinate the private sector response to the HIV/AIDS epidemic. SABCOHA plays a vital role in the implementation, monitoring and evaluation of the National Strategic Plan on HIV/AIDS for 2007-2011. It has further extended its comprehensive programme to selected small, medium and micro enterprises,

providing education, testing and ARV treatment. Aspen is an active member of SABCOHA and a Group representative has served as Chairman of the Board of Governors of SABCOHA since his appointment in October 2007.

- > The SA HIV/AIDS Clinicians Society provides financial assistance to rural doctors and nurses to attend HIV/AIDS-related conferences. This association is made up of independent medical professionals who are dedicated to HIV/AIDS education and research.
- > The Ikhwezi Lokusa Wellness Centre in East London is a non-profit organisation offering medical management, holistic healthcare and ARVs to HIV-positive individuals. Its ARV-outreach programme currently includes a total of 33 general practitioners practising mainly in the rural areas and in areas where there are no ARV therapy-accredited sites. The Centre's reach is also extending further to other regions within the Eastern Cape province.
- > The Khanya Family Centre operates primarily in Kathorus, Gauteng, providing psychological counselling, care and support for families experiencing life challenges including HIV/AIDS. In order to build capacity in the community, field instruction and internships are offered to social work and psychology students. Aspen provided financial support to this centre.
- > The Missionvale Care Centre in Port Elizabeth serves the local community through providing care and counselling for abandoned, abused, neglected and orphaned children. The Centre has an HIV/AIDS clinic which can be accessed by the Missionvale community. This clinic provides HIV/AIDS support to affected patients and also conducts HIV/AIDS awareness programmes for the surrounding communities. Primary education is provided for Grades 0 – 7. Skills training is offered to unemployed adults and a soup kitchen feeds more than 500 families.
- > Aspen contributed to the Ubuntu Education Fund which is dedicated to delivering quality education and promoting healthy communities. The fund is part of the Mpilo-Lwazi Health Initiative – a comprehensive HIV/AIDS programme targeting HIV/AIDS management in Ibhayi, Port Elizabeth. Its goals are to contribute towards preventing proliferation of HIV infection and onward transmission and also to offer treatment and support to families coping with HIV/AIDS. To date the Ubuntu Education Fund has reached 40 000 children, with 24 000 currently enrolled in its health programme.

> A donation was granted to the SA Medical and Education Foundation for HIV/AIDS sufferers. The Foundation is a non-profit organisation whose purpose is to support the operational requirements of those community hospitals, which have been accredited as ARV treatment sites, but which lack the infrastructure and equipment to deliver services effectively. With the high incidence of HIV/AIDS and Tuberculosis in the province, they work in close association with the Provincial Health Department in identifying high priority areas where there is insufficient infrastructure or medical equipment in place to deliver the services. Donations were used for the building of eight dispensing doctors' rooms in the Bonteheuwel and Langa areas specifically for the distribution of ARVs.

Integrated Community Home Care

During the year Aspen further supported a number of palliative care centres, promoting the Government's Integrated Community Home Care model which forms part of the National Strategic Plan on HIV/AIDS (2007-2011). These support projects included:

Location	Project supported
Gauteng:	<ul style="list-style-type: none"> > Starfish Foundation > Tshepo Hope Care Centre > Khotso Caritas Centre > MaAfrika Tikkun
Free State:	<ul style="list-style-type: none"> > Naledi Hospice
Eastern Cape:	<ul style="list-style-type: none"> > St. Bernard's Hospice > The House of Resurrection > St. Francis Hospice > The Haven Wellness Centre > Starfish AIDS Foundation > Port Elizabeth Community Chest 'give as you earn' initiative > Grahamstown Hospice
North West Province:	<ul style="list-style-type: none"> > Tapologo Hospice

Extending assistance to vulnerable HIV/AIDS children

Aspen acknowledges a growing need to assist orphaned children who are suffering with the consequences of HIV/AIDS. The Group is committed to financially supporting programmes providing early learning opportunities to affected children and increasing access to medical support available to them. To this end, selected non-profit organisations received increased financial support from Aspen during the year:

These organisations include:

Location	Project supported
Gauteng:	<ul style="list-style-type: none"> > Starfish Foundation > Topsy Foundation > Mapetla Day Care Creche > Tshepo Hope Care Centre
KwaZulu-Natal:	<ul style="list-style-type: none"> > Ingwavuma Orphan Care > Khotso Caritas
East London:	<ul style="list-style-type: none"> > The Haven Wellness Centre > Educare

Primary healthcare infrastructure projects

The DoH has set the task of developing and strengthening the primary healthcare system. The majority of rural communities now have primary healthcare nurses delivering comprehensive care and management of HIV/AIDS, including the roll-out of ARVs. This is done under the supervision of medical doctors. Aspen has continued to contribute towards this initiative through the support of a number of projects in the sector, including the following:

- > The Wells Estate Wellness Centre in Motherwell, Port Elizabeth has benefited from Aspen's financial contribution to install a vegetable tunnel which uses a hydroponic farming system. The vegetable produce from the tunnel supplements the patients' nutritional needs which, in turn, strengthens a patient's immune system;
- > The Transkei-based Engcobo Clinic, established by the Group in 2002, received financial assistance from Aspen for the new extension to its existing clinic which now provides a much improved and more suitable environment for patients and staff; and
- > A financial contribution was made to the Somerset Hospital Trauma Unit and the Chaeli Campaign for children with Cerebral Palsy during the year.

During the year Aspen identified the need for, and undertook to financially assist with, selected State clinic projects which aim to provide a homogenous range of primary healthcare services, specifically with the help of qualified nurses. The focus of these clinics is to provide treatment for acute conditions which do not require hospitalisation. These clinics also provide HIV/AIDS services such as voluntary counselling and testing, information on prevention of mother-to-child transmission, provision of ARVs

and access to support groups. Projects supported are outlined as follows:

- > The Mduku Clinic was built in the Umkhanyakude District, KwaZulu-Natal, and was inaugurated in April 2009;
- > The Mngobokazi Clinic, also located in KwaZulu-Natal, is currently in the final phases of construction and is expected to be completed at the end of 2009;
- > Aspen supported building of the Namahadi Clinic in the Thaba Mofutsanyane District in the Free State which was completed in June 2009; and
- > The Utah Clinic, situated in the Manyeleti Game Reserve, Mpumalanga, which is anticipated to be completed in 2010.

Education

Aspen remains committed to promoting healthcare education and leadership. The Group therefore continued to support the Foundation for Pharmaceutical Education, which assists disadvantaged students with tertiary level pharmaceutical studies. Four students are currently benefiting from this bursary.

Aspen also continued to support the Friends of Mosvold Trust in the Umkhanyakude District which offers bursaries to students in KwaZulu-Natal who have committed to practice medicine and allied professions in their own communities.¹

Financial support was granted to the The Wits Initiative for Rural Health Education ("WIRHE"), an initiative launched by the Faculty of Health Sciences at the University of Johannesburg in 2003. An Aspen representative is a member of the WIRHE advisory board. The aim of the initiative is to recruit disadvantaged students from rural areas, specifically from the North West, Limpopo and Mpumalanga provinces to study towards careers in the health sciences and to further support these candidates to qualify as healthcare professionals. The objective is to alleviate shortages of doctors, nurses and pharmacists in targeted areas and to provide a model for this purpose. The students have all signed contracts to work in their respective districts after qualification. Ongoing vacation work assists in developing an experience base and strengthening relationships between candidates, professional staff and management to further promote the commitment to community service after graduating.

For the past 10 years Aspen, the South African Military Medical Health Service and the DoH have worked closely and successfully together to help address the country's needs for more qualified

primary healthcare practitioners, including clinical nurses. In light of the drastic shortage of doctors and pharmacists, formalised training programmes provide upskilling courses to enable nurses to conduct health assessments and to deliver a broader level of service to a growing patient-base which requires general medical treatment, as well as specialised treatment for target diseases such as HIV/AIDS, Tuberculosis, and more recently, Swine Flu.

In line with new legislation, all dispensing nurses have to complete the Dispensing Licence for qualified Non-Pharmacist Healthcare Workers course, as accredited by the South African Pharmacy Council. Aspen offered additional financial assistance for the implementation of this course which is to be incorporated into the nurses training curriculum. To meet the Pharmacy Council's stringent training standards, Aspen funded the establishment of a training infrastructure which includes a pharmacy for dispensing training, examination rooms, patient counselling rooms and associated equipment. Through this initiative, more nurses are qualified to provide enhanced levels of healthcare services, whilst enabling these nurses to improve their own skills set at no cost to themselves.

CSI AT ASPEN'S INTERNATIONAL OPERATIONS

Aspen Global donated furniture from its temporary offices to the facilities of the SOS Children's Villages in Mauritius.

Beta Healthcare partnered with the Lions Club of Kenya in donating antibiotics to the national hospital for HIV/AIDS patients. During the year, the company also donated antiseptic soaps to all prisons in the country. This gesture was well received by the government of Kenya. In addition, veterinary products were donated to the Kenyan Ministry of Agriculture to be distributed to rural farmers who had been severely impacted by the ongoing drought in Kenya.

In Tanzania, in order to assist with the healthcare needs in the rural areas, Shelys donated medicines to the Ocean Road Cancer Institute in Dar es Salaam and donated essential medicines to the Tageta Mission Hospital. The Malaria Prevention and Awareness Campaign and various HIV/AIDS awareness programmes were conducted. Shelys also provided sponsorships to medical colleges in Tanzania, Zambia and Congo for the subsidisation of the graduation ceremonies for the pharmaceutical students. Furthermore, financial assistance was provided to the Kinondoni Municipality's school development programme in Dar es Salaam.

¹ Since inception in 1999, the Friends of Mosvold Trust has produced 56 graduates in a number of critical healthcare disciplines, including 12 medical doctors and four pharmacists.

Friends of Mosvold Trust produced 56 graduates.

Value added statement for the year ended 30 June 2009

	Growth %	2009		2008	
		R'million	%	R'million	%
Net revenue	79	8 736		4 881	
South Africa	30	4 219		3 254	
Exports from South Africa	31	592		449	
International	249	3 825		1 096	
Other revenue	22	100		82	
Other operating income		7		90	
Less purchased materials and services	85	(5 224)		(2 822)	
Value added from operations	64	3 519	94,0	2 149	89,1
Investment income		224	6,0	263	10,9
Total wealth created	55	3 743	100,0	2 412	100,0
Value distribution					
Employees	52	1 022	27,3	673	27,9
Providers of capital	33	711	19,0	533	22,1
Finance costs		711	19,0	287	11,9
Capital distribution paid to shareholders		–	–	246	10,2
Governments		353	9,4	365	15,1
Reinvested in the Group	97	1 657	44,3	841	34,9
Depreciation and amortisation		224	6,0	202	8,4
Deferred tax		80	2,1	20	0,8
Income retained in the business		1 353	36,3	619	25,7
Total value distribution	55	3 743	100,0	2 412	100,0
Value added statistics					
Weighted ratios*					
Number of full-time employees		4 020		2 603	
Revenue per employee		2 174		1 876	
Value added per employee		875		827	
Wealth created per employee		931		927	
Monetary exchanges with government					
Current taxes (including secondary tax on companies)		303		321	
Customs and excise duty		45		42	
Rates and similar levies		5		2	
Gross contribution to central and local governments		353		365	
Additional collections on behalf of government					
Employees' taxes		142		125	
Net value added tax paid		493		161	
		635		286	

The value added statement includes discontinued operations.

*The employees of the acquired companies were weighted according to the number of months they were part of the Group in 2008.

Corporate governance report

In its commitment to principles of sound corporate governance, the Aspen Board endorses the Code of Corporate Practices and Conduct ("the Code") as set out in the King II Report ("King II"). Compliance with the Code is actively monitored to ensure ongoing improvement of operational and corporate practices. This framework of corporate governance is implemented across the Group's South African and international operations. Aspen strives to uphold high standards of business ethics and integrity throughout the Group.

The Group aims to achieve new advancements in corporate governance each year. Key developments during the year under review included:

- > Clear definition of the Lead Independent Non-executive director in the Group's Board Charter;
- > Extension of legal compliance management processes to include the new subsidiaries;
- > Compliance by unlisted entities in the Group with all corporate governance requirements for listed companies; and
- > Appointment in Brazil of a dedicated person who is specifically tasked to drive enhancements to the overall internal controls environment.

In anticipation of the introduction of the King III Report ("King III") in 2010, Aspen has analysed key aspects of the draft report and has submitted its response on issues which the Group believes requires further clarity and consideration. Aspen has taken cognisance of King III's reiterated focus on the effectiveness of internal controls and the new initiatives towards sustainability reporting and is committed to compliance with these aspects of the report.

THE BOARD

Structure

The Group's unitary Board of Directors comprises eight non-executive directors, five of whom are independent. Non-executive director, Judy Dlamini chairs the Board. During the year, Roy Andersen was appointed as Lead Independent Director.

In accordance with the amended requirements as proposed in King III, an assessment was made for each independent director to determine whether the existence of any business or other relationships interfered materially with the individual's capacity to act in an independent manner. The Board is satisfied that the classification of the Group's independent non-executive directors is appropriate.

Attendance at Board and sub-committee meetings for the year is set out below:

Directors	Status	Attendance			
		Board meetings	Audit & Risk Committee meetings	Remuneration & Nomination Committee meetings	Transformation Committee meetings
Archie Aaron	Independent Non-executive	4	n/a	n/a	n/a
Roy Andersen	Lead Independent Non-executive	6	n/a	4	n/a
Gus Attridge	Deputy Group Chief Executive	5	5*	4*	4
Rafique Bagus	Independent Non-executive	5	n/a	n/a	3
John Buchanan	Independent Non-executive	6	5	4	n/a
Judy Dlamini	Non-executive Chairman	6	n/a	3	4
Chris Mortimer	Non-executive	6	5	n/a	n/a
David Nurek	Non-executive	4	n/a	n/a	n/a
Stephen Saad	Group Chief Executive	6	n/a	3*	4
Sindi Zilwa	Independent Non-executive	5	3	n/a	3
Number of meetings held		6	5	4	4

* Executive directors attend meetings of the Board sub-committees by invitation.

In accordance with the series of strategic transactions concluded with GSK in May 2009, GSK will be given the right to nominate a representative to the Aspen Board of Directors as a result of obtaining a shareholding of 16% of the Group on completion of the transactions.

The name of and a brief *curriculum vitae* for each director is set out on page 50 of the annual report.

Six Board meetings were held during the year including one special meeting and one strategic meeting. Directors are comprehensively briefed, well in advance of the scheduled Board meetings, with relevant information to enable them to fulfil their responsibilities effectively.

Pasco Dyani (alternate, Derek Thomas) attended the first Board and Transformation Committee meetings of the financial year, prior to his resignation on 26 February 2009.

During the year under review, John Buchanan served as interim Chairman of the Remuneration & Nomination Committee which will, in future, be chaired by Lead Independent Non-executive Director, Roy Andersen.

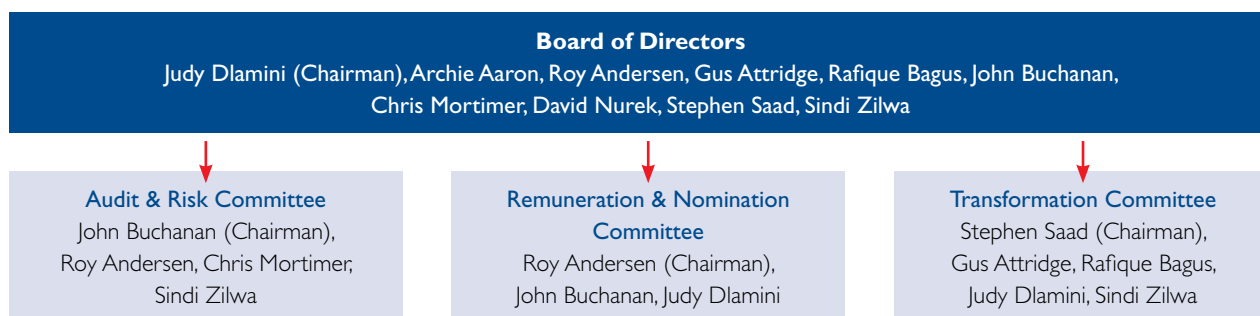
In line with Aspen's Articles of Association, Archie Aaron, Chris Mortimer, David Nurek and Sindi Zilwa will retire by rotation at the upcoming annual general meeting and, being eligible, offer themselves for re-election. The Board has evaluated the performance of these directors and has

recommended their reappointment. The Board Charter provides for automatic retirement of a director at the age of 70. However, at the Board's discretion, the retiree can be invited to serve as non-executive director on a year-on-year basis. The Board has approved the reappointment of Archie Aaron in terms of this proviso.

The roles of the non-executive Chairman, Group Chief Executive and Lead Independent Non-executive Director are strictly separated. The Chairman provides leadership and guidance to the Board and encourages proper deliberation on all matters requiring the Board's attention with input from other directors. The Group Chief Executive and Deputy Group Chief Executive are responsible for implementing strategy and operational decisions in respect of the day-to-day operations of the Group. The Lead Independent Non-executive Director assumes the responsibilities of the Chairman in circumstances where the Chairman has a conflict of interest, when the Chairman's performance is being appraised or when the Chairman's term of office is being considered.

Non-executive directors contribute their independent and objective knowledge, extensive experience and diverse expertise towards Board deliberations. They have unrestricted access to management at all times. All directors are also entitled to seek independent, professional advice on any matters pertaining to the Group where they deem this to be necessary.

Composition of the Aspen Board of Directors and the sub-Committees are reflected below:



To assist the Board in discharging its collective responsibilities, certain Board tasks have been delegated to the Audit & Risk, Remuneration & Nomination and Transformation Committees. The Board recognises that it is ultimately accountable and responsible for the performance and affairs of the Company and that of the Group and that the delegation of authority in no way absolves the directors of the obligation to carry out their duties and responsibilities.

The Board Charter

The Board is governed by a Board Charter which details the Board's composition, procedures for the appointment of directors, directors' responsibilities and Board processes. The fiduciary duties and role of each director is also defined. In terms of the Charter, the Board is responsible for monitoring key risk areas, performance indicators and the effectiveness of management. Further responsibilities include:

- > Ensuring that the policies and procedures of the Charter are complied with;
- > Ensuring the development and maintenance of succession plans;
- > Monitoring Board plans in terms of economic, environmental and social issues relating to the Group;
- > Assessing and reviewing the strategic direction of the Group;
- > Evaluating performance and determining key performance criteria;
- > Evaluating the performance of the Chairman on an annual basis before the annual general meeting; and
- > Evaluating legal and regulatory compliance.

The Board Charter was updated to define the role of Lead Independent Non-executive Director and this amendment was approved by the Board in June 2009. Going forward the Lead Independent Non-executive Director will be elected annually at the first meeting of the Board following the Company's annual general meeting.

Board processes

New appointments

New Board appointments are proposed by the Remuneration & Nomination Committee, taking into account a balance of skills, experience and diversity required to lead, control and best represent the Group. In this regard, the Committee submits a formal proposal to the Board for its consideration each year.

A formal induction programme is in place for new Board members which sets out directors' responsibilities and fiduciary duties and also includes information pertaining to relevant regulatory and statutory frameworks and to Group protocol. The Chairman and Company Secretary manage the induction of new directors and the orientation includes introductions to key management and site visits to Aspen's local manufacturing facilities. New appointees receive copies of the latest interim announcements and annual financial results and are also provided with details on the current budget, Group structure, current Board and sub-committee composition, a schedule of upcoming Board meetings as well as the agenda and board pack for the next Board meeting.

Succession planning

Aspen continues to promote succession planning for all key positions. Succession plans are integrated into the key performance areas at management and executive levels and have been extended to the Group's offshore operations. Succession plans are reviewed at every Remuneration & Nomination Committee meeting.

Self-evaluation

In accordance with the recommendations of King II, Aspen's Board conducts an annual internal-evaluation process including an evaluation of the Board as a whole and individual evaluations for the various committees.

Assessments for individual directors were conducted by both executive and non-executive directors during the year. Peer reviews of each non-executive director were also undertaken by the Board. The Chairman discussed the results of these assessments with each director.

Evaluations conducted by the Board committees assessed the following factors:

- > Understanding of the terms of reference of the respective Charters;
- > Distinction between the roles of the committees and that of the Board;
- > Maintenance of a proper mix of business talent;
- > Orientation into the committees for new Board members;
- > The strength of the relationship between the committees and management; and
- > The relevance and quality of committee reports presented at Board meetings.

An evaluation of the Chairman was also carried out by each director and the findings were communicated to the Chairman and the Board.

The evaluation questionnaires incorporated matters such as the constitution of the Board, meetings and documentation for meetings, policy setting and monitoring, succession planning, ethics, risk management responsibility and Aspen's status as a "going concern".

Conflicts of interest and share dealings

Directors are required to disclose their shareholdings, additional directorships and any potential conflicts of interest at every meeting of the Board. These details are then recorded in the minutes of the Board meetings.

In accordance with JSE Ltd Listings Requirements, all directors and employees, who are likely to have access to the Company's financial results and other price-sensitive information, are prohibited from dealing in Aspen's shares during "closed periods". Aspen's "closed periods" commence 24 hours prior to the close of the interim and year-end reporting dates and end 24 hours after the announcement of the respective results. The "closed period" further extends to periods during which the Company trades under a cautionary announcement.

Furthermore, directors are obliged to obtain clearance from the Chairman and, in her absence, from the Lead Independent Non-executive Director, prior to dealing in the shares of the Company.

The Company Secretary is notified of all share dealings which are then, in conjunction with the sponsor, published on SENS.

Directors' interests and shareholdings are disclosed on page 97 of this annual report.

The Company Secretary

The Company Secretary acts as a central adviser to the Board, giving guidance to individual directors and committees on matters such as corporate governance, updates on legal and statutory amendments and on effective execution of their responsibilities and fiduciary duties. The Company Secretary attends Board meetings at the invitation of the Board and is responsible for preparing a comprehensive agenda and Board pack in advance of Board and committee meetings, and for accurately recording the minutes of these meetings.

Whenever deemed necessary, the Company Secretary also reviews the rules and procedures applicable to the conduct of the affairs of the Board. Where required, the Company Secretary will involve the Sponsor and other experts to ensure that the directors have adequate information to discharge their responsibilities effectively.

BOARD COMMITTEES

Three established committees assist the Board in discharging its responsibilities, namely the Audit & Risk Committee, the Remuneration & Nomination Committee and the Transformation Committee. These committees enhance governance of specific matters and contribute towards the sustainability of the Group. Each committee is governed by a formal charter which is reviewed and updated annually to reflect ongoing regulatory and corporate governance developments.

The Board is of the opinion that these Board committees have effectively discharged their responsibilities in accordance with the specific committee charters.

In line with King II and as further mandated by the individual committee charters, the chairmen of all Board committees attend each annual general meeting.

Audit & Risk Committee

The information below constitutes the report of the Audit & Risk Committee in respect of the year under review, as required by section 270A of the Corporate Laws Amendment Act.

The Audit & Risk Committee is chaired by independent, non-executive director, John Buchanan, and further comprised two non-executive directors at year-end, one of whom is independent. The Board has given due consideration to the revised membership criteria as proposed by King III. In this regard subsequent to year-end, Roy Andersen, an independent non-executive director, was appointed to the Committee and Chris Mortimer resigned as a member but will attend all meetings by invitation.

In accordance with corporate guidelines, the Committee holds a minimum of four meetings a year. Five meetings were held during the year and attendance at meetings is set out in the table on page 78.

The Audit & Risk Committee Charter tasks the Committee with reviewing the interim and annual results to ensure that the financial results are valid, accurate and fairly present the Group's performance. The internal controls governing accounting, auditing and financial reporting are also assessed. Further responsibilities include:

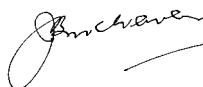
- > Reviewing and monitoring the adequacy of the structure, performance and activities of the internal audit department;
- > Reviewing and monitoring the adoption of internal control procedures including accounting policies, legislative compliance, regulatory matters and governance;
- > Recommending the appointment of external independent auditors for approval by shareholders and monitoring the extent to which the approved auditors are able to add value to the Group;
- > Evaluating the external auditors' proposed audit scope and approach;
- > Setting the criteria for recommending the engagement of external auditors for non-audit purposes;
- > Fulfilling its fiduciary duties in respect of the Internal Audit Department and the external auditors;

- > Assessing the key risk areas facing the Group and recommending risk mitigation measures;
- > Advising and updating the Board on issues ranging from accounting standards to published financial information;
- > Reviewing the Group's compliance with laws and regulations;
- > Reviewing the effectiveness of systems used for monitoring the Group's compliance with laws and regulations; and
- > Approving the Group's treasury policy.

Audit findings from the annual statutory audit are reported by the external auditors and presented at the Audit & Risk Committee meeting following completion of the audit. The Committee acknowledges the issues raised by the auditors and assesses the adequacy of management's responses and action plans. In subsequent meetings, management reports on the status of corrective actions implemented until all issues are satisfactorily resolved. This process highlights areas requiring improvement and helps to enhance the Group's overall financial control environment.

The Committee has considered and is satisfied with the expertise and experience of Gus Attridge, Deputy Group Chief Executive. Further, the Committee has considered and is satisfied with the independence of the external auditors and with the effectiveness of the Group's Internal Audit function.

The Audit & Risk Committee has recommended the annual financial statements for approval to the Board. The annual financial statements for all Group subsidiary companies have also been reviewed and recommended for approval by the Committee.



John Buchanan
Audit & Risk Committee Chairman

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is chaired by independent, non-executive director Roy Andersen and further comprises two non-executive directors, one of whom is independent.

During the year the Committee met four times. Attendance at meetings is set out in the table on page 78.

The Committee's formal Charter outlines its composition, objectives, processes, remuneration guidelines and describes its duties and responsibilities. In terms of the Charter, the Remuneration & Nomination Committee is responsible for ensuring that the Company's executive directors and management are rewarded fairly in accordance with the extent to which their individual performance contributes towards the Group's objectives. The Committee is also responsible for making recommendations to the Board on the remuneration of non-executive directors, which is subsequently approved by shareholders at the annual general meeting.

These responsibilities are designed to ensure that the Board is sufficient in number, expertise and diversity to lead and control the Group and to be responsible to stakeholders for strategically setting the direction for the Group. In terms of the Remuneration & Nomination Committee Charter, the Committee is tasked with the following responsibilities:

- > Identifying and recommending non-executive candidates for appointment to the Board and/or committees;
- > Ensuring succession plans for the Group Chief Executive, Deputy Group Chief Executive and key senior executives;
- > Annually reviewing and evaluating the senior employees' remuneration and bonuses;
- > Annually approving the average annual increase for employees for each operating division of the Group, with due consideration of management's recommendations; and
- > Ensuring the share incentive scheme and management incentive bonus scheme are annually evaluated and recommendations made to the Board in respect of each operating region.

The Committee Charter is updated annually. An amendment was made during the year to increase the scope of the Committee's responsibilities to include the international operations.

Details of the non-executive directors' remuneration for the year under review and as proposed for the 2010 year are set out below. Detailed information in this regard is set out in note 27 of the Group financial statements.

Type of fee	Existing fee June 2009 R	Proposed fee June 2010 R
Board		
Chairman	500 000	540 000
Board member	176 000	190 000
Audit & Risk Committee		
Chairman	176 000	220 000
Member	88 000	100 350
Remuneration & Nomination Committee		
Chairman	60 500	65 350
Member	30 250	32 670
Transformation Committee		
Member	46 750	50 500

Remuneration policy

Aspen intends to attract and retain a high calibre of professionals. To this end, surveys conducted by independent consultants revealed that the basic salaries paid by the Group are market and industry related.

Performance-related remuneration represents a significant portion of executives' salaries. Annual and long-term incentive plans are in place, which progressively reward executives for enhancing shareholder value. The remuneration package for executive directors and senior management therefore includes a basic annual salary, an annual bonus and long-term incentive arrangements. The Committee approves all grants and awards under both the Group's share scheme and management incentive bonus scheme.

Annual increases consider the employee's performance as well as prevailing market conditions, while bonuses are awarded for achieving pre-determined financial and other targets and/or in recognition of exceptional performance.

During the year the ambit of the Group's remuneration philosophy was extended to include the international operations.

Transformation Committee

The Transformation Committee is chaired by Group Chief Executive Stephen Saad and further comprises the Deputy Group Chief Executive, the Chairman and two independent non-executive directors.

The role of the Transformation Committee is to assist the Board in implementing and monitoring its black economic empowerment and employment equity programmes and policies, directing affirmative procurement initiatives, monitoring the skills development policy and developing a social responsibility programme for Aspen. A detailed report on the Group's transformation objectives and activities is set out in the Transformation Report on page 68.

LEGISLATIVE AND REGULATORY COMPLIANCE

The Legal Department managed a formal programme to ensure adequate and consistent compliance with all statutes and legal guidelines relevant to the Group. Management and executives of Aspen's local and international operations undertake to implement necessary controls and policies to adhere to legislative requirements. All areas of non-compliance and/or inadequate compliance, as identified by the Legal Department, are reported to the Audit & Risk Committee. The status and timing of corrective measures are monitored until the Committee is satisfied that compliance is at acceptable levels.

Minor areas of non-compliance were identified during the year. Recommendations of corrective action have been made by the Legal Department and reported to the Board, which has subsequently issued the necessary directives to executives and management. Accordingly, measures are in progress to rectify the areas requiring redress.

No significant fines have been imposed on the Group and its subsidiaries for non-compliance with laws and regulations.

South African compliance

The introduction of new legislation is closely monitored. During the year the Group reviewed proposed new and amended legislation to determine the impact on Aspen. The contents of the Acts and regulations have been forwarded to the relevant managers for implementation, and compliance will be monitored

continually by the Legal Department. These Acts and regulations include the following:

Corporate Laws Amendment Act

(See "Audit & Risk Committee" for further details with regard to compliance.)

Areas in the Act which reinforce corporate governance compliance include:

- > Introduction of an offence if any person, including advisors, is party to the preparation, approval or publication of financial reports which are false or misleading; and
- > The establishment of a Financial Reporting Investigations Panel which will be empowered to investigate any alleged failure by a company to comply with a financial reporting standard.

Regulation of Interception of Communications and Provision of Communication Related Information Act, 2002 ("RICA")

Sections applicable to Aspen include a requirement to record certain information in respect of cellular phones and 3G cards issued to employees. Such information includes the date and period for which a SIM card is provided as well as verification of identity numbers and addresses for all employees using a company sponsored SIM card.

Consumer Protection Act

The Act requires suppliers to conduct their dealings with consumers fairly and reasonably and its primary purpose is to protect consumers from exploitation and unfair practices.

Compensation for Occupational Injuries and Diseases Act, 1993 as amended

This new legislation is expected to impact on the assessment calculations and amounts paid out to beneficiaries.

Competition Amendment Act

In terms of the amendments to the Competition Act, directors or managers who engage in or who knowingly acquiesce in a company's involvement in cartel conduct face criminal liability. Furthermore, the Competition Commission may investigate any conduct within a market in which the Commission has reason to believe that complex monopoly conduct subsists.

Revised Procedure for Updating SEP with the DoH

In terms of the revised procedure it is now mandatory to complete all fields of the DoH's template in respect of price update notifications.

JSE Ltd regulations for listed companies in South Africa

A checklist is compiled each year in respect of compliance with JSE Ltd Listings Requirements and Aspen certifies to JSE Ltd that it has complied in all respects.

International compliance

A legislative and regulatory compliance review was carried out during the year at all of the Group's international operations. The operations in Australia, Brazil, Dubai, India, Kenya, Mauritius, Uganda and Tanzania were found to comply fully with all material aspects of the applicable, local legislation.

The Mexican and Venezuelan operations were found to be materially compliant, except for certain areas requiring redress. In this regard, recommendations as outlined below have been made:

Mexico

Area of non-compliance	Corrective action
Collective labour contract not submitted to the Conciliation and Arbitration Board's federal assembly	The union to submit a collective labour contract to federal assembly
No safety and hygiene commission comprising management and workforce representatives	A health and safety supervisor and personnel to co-ordinate the commission is being appointed
The services of a fire brigade and emergency rescue teams in the event of an earthquake have not been arranged by the Facility	A health and safety supervisor responsible for emergency services is to be appointed to implement the necessary precautionary measures
No bi-annual fire and earthquake drills	Procedures for regular fire and earthquake drills are being implemented

Venezuela

The compliance review for the Venezuelan operations found that the prescribed levels of indemnity cover and daily food coupons provided by the company for employees were not fully compliant with the new "Collective Agreement of Pharmaceutical Industry". The necessary corrective action is currently being assessed.

INSURANCE

Aspen has a comprehensive insurance programme to underwrite the Group against a wide variety of possible risks. The insurance levels are reviewed annually to ensure that adequate levels of cover are in place at competitive rates. Following the annual insurance cover review, product liability cover was significantly increased, as was the insured value for directors and officers.

The Group makes use of specialist insurance brokers and intermediaries to consider all insurable risks and to recommend to the Board any risk mitigation activities considered necessary. Risks are continually assessed to determine whether they are insured or insurable. Concerted efforts are made to mitigate and prevent uninsurable risks.

Specific insurance is taken out in respect of the construction of new manufacturing facilities and remains in place until the construction project is complete.

INTELLECTUAL PROPERTY

Aspen has a forum which manages compliance with legislation for intellectual property. Each manufacturing facility prepares a summary compliance report and completes checklists, which are signed off by the relevant department heads. The forum then compiles a consolidated report on risks and strategic issues which are to be reviewed. These reports are tabled at the appropriate management meetings for resolution. Areas of non-compliance are required to be communicated to the Audit & Risk Committee which, in turn, has a responsibility to report these to the Board.

Although medicines in Venezuela are not subject to patent legislation, Sumifarma has already registered a number of formulae and brands and is in the process of registering the remaining intellectual property. This has been done in accordance with the Group's intellectual property management protocol which is being applied consistently across the Group.

REPUTATION MANAGEMENT

Both internal and external matters that could impact the Group's reputation are regularly monitored and, where necessary, SENS announcements and when appropriate, press releases are published to inform shareholders of the Group's position. The Group conducts its activities on principles of good corporate governance which are incorporated in the Aspen Code of Ethics. Identified reputational risks are reported, through the Audit & Risk Committee, to the Board by the Group Chief Risk Officer. Corporate communication is managed in a structured manner to ensure that accurate and valid information is disseminated consistently to all stakeholders. Moreover, the Group prides itself on supplying high-quality products and customer service to the market through the application of GMP, strong business relationships, competent staff and strict adherence to regulations. The staff recruitment process includes stringent evaluation and reference checks of candidates of good moral standing are employed.

All product-related complaints and recalls are tracked and appropriate corrective action is implemented timeously.

Wherever relevant the Group adheres to industry-regulated codes of conduct in the countries within which it is represented.

CORPORATE CITIZENSHIP AND CORRUPTION MANAGEMENT

Aspen's Board of Directors advocates high levels of business ethics and strict adherence to the principles of good corporate citizenship. The Audit & Risk Committee monitors corporate integrity on behalf of the Board. Committed focus is given to the implementation and monitoring of effective internal controls in the Group. Approvals frameworks are in place to restrict responsibility for authentication of transactions to mandated personnel and the importance of segregation of duties is recognised.

The risk of corruption is assessed through the internal control environment assessments which are conducted by the Internal Audit Department. An evaluation of management integrity, thoroughness of recruitment practices and the quality, effectiveness and consistency of implemented internal controls have been reviewed for the Group's established local and international operations.

An independently operated fraud reporting hotline, *Tip-Offs Anonymous*, is accessible to all staff who are, in terms of the Code of Ethics, obliged to report any suspected incidents of fraud, unethical behaviour and/or theft. Reported incidents of corruption are elevated to the level of management directly above that at which the alleged incident occurred and to the relevant Human Resources Department. Depending on the nature of the allegation, the Human Resources Department could refer the incident to the Industrial Relations Manager and consultants, independent legal representatives, forensic investigators and/or the police where the matter requires further investigation, disciplinary action, conviction and/or dismissal. All employees at the South African operations have attended *Tip-Offs Anonymous* awareness sessions to promote an understanding of the employees' responsibility for corruption management and the reporting protocols to be followed.

Aspen has established a credible and transparent rapport with State departments and relevant Government bodies. This relationship is managed by the Strategic Trade and Development Senior Executive who reports to the Group Chief Executive. Aspen's Code of Ethics prohibits contributions to political parties, organisations and political representatives, thereby conserving the Group's apolitical position. An employee's right to participate in political activities, in his/her personal capacity, is acknowledged provided that it does not compromise productivity and that it does not, in any way, link the employee's political actions to Aspen.

ACCOUNTING AND AUDITING

External audit

The external auditors are responsible for reporting on whether the financial statements are fairly presented and that they are prepared in compliance with International Financial and Reporting Standards ("IFRS"). Their audit also includes an assessment of select internal controls. The preparation of the annual financial statements and the adequacy of the system of internal controls remains the responsibility of the directors.

Where permissible, independent external auditors are appointed to provide non-audit services. Non-audit services are disclosed in note 25 of the Group financial statements. The Group's policy is to use its external auditors for non-audit services such as tax and accounting where the use of other consultants would not make sound commercial sense and where good corporate governance is not compromised by the engagement. The terms of engagement for such services require the prior written consent of the Chairman of the Audit & Risk Committee.

Internal audit and internal controls

The internal audit function assists the Board in assessing the Group's risk management and governance processes which is governed by an Internal Audit Charter. The Charter is updated and approved by the Audit & Risk Committee annually.

The Group Chief Risk Officer is responsible for implementing the internal audit strategy and reports directly to the Audit & Risk Committee which, in turn, reports on internal audit matters to the Board. The Board is ultimately responsible for the Group's system of internal controls as set out in the approval of the annual financial statements on page 94.

With the assistance of the Audit & Risk Committee, the directors have satisfied themselves that an adequate system of internal controls is in place to mitigate significant risks identified to an acceptable level, and the directors are satisfied that nothing has come to their attention during the year to indicate that a material breakdown in the effective functioning of this system within the Group has occurred.

RISK MANAGEMENT

Risk management is central to the Group's operational strategy. It is co-ordinated across the Group by the Group Chief Risk Officer who identifies, evaluates and reports on key risk areas of the Group. He reports to the Audit & Risk Committee and ensures that the recommendations are conveyed to management, monitors risk mitigation activities and continually promotes a culture of risk awareness throughout the Group.

Aspen considers its people to be key contributors to risk mitigation and ensures that competent and adequate resources are employed as part of the Group's strategy to mitigate risk exposure. Key senior executives attend Board meetings by invitation and present on significant issues and risks that are being addressed within their respective areas of responsibility. New employees are sufficiently advised, on induction, of their ongoing responsibility towards risk mitigation.

The significant risks facing the Group fall into three main categories, namely business, operational and financial risks. The financial risks are detailed in the financial risk management section on page 168. Set out on the following pages are the key business and operational risks facing the Group, with the inclusion of current risk factors identified during the year:

Business and operational risks	Risk mitigation activities and initiatives
Global financial crisis	<ul style="list-style-type: none"> > Strict fiscal focus with a dedicated Treasury Management Department > Working capital management > Regulation and monitoring of debt levels > Focused monitoring of liquidity indicators and adherence to debt obligations > Securing of credit facilities with due consideration of interest rate and currency risk > Review of customer credit limits > Credit Guarantee Insurance cover > Review of and discussion with suppliers regarding fees and terms of credit > Securing of adequate borrowing facilities
Sustaining growth	<ul style="list-style-type: none"> > Increasing investment in new product development > Differentiating Aspen from competitors through niche products and markets > Expanding into new markets, with a particular emphasis on emerging markets > Sourcing and launching the new product pipeline > "First to market" in new product launches > Assessing acquisitive opportunities > Supplying cost-effective, high quality products. > Increasing awareness of Aspen's brands in all markets > Identifying, fostering and leveraging business relationships with credible, established partners > Optimising strategic relationships with multinational pharmaceutical companies > Upgrading and improving manufacturing facilities to uphold product quality and enhance regulatory compliance > Diversifying and increasing manufacturing capabilities > Attracting and retaining appropriately experienced and skilled employees > Optimising the experience, competence and expertise of capable people > Upskilling employees to work with new technology, new markets and new products > Consistent application of best practice throughout the Group > Growing leaders

Business and operational risks	Risk mitigation activities and initiatives
Compliance with laws and regulations	<ul style="list-style-type: none"> > The Legal Department is responsible for assessment of compliance in the Group > Raising awareness of changes in applicable legislation > Management undertaking to ensure compliance with relevant statutes and matters raised by the Legal Department > Reporting of non-compliance to the Audit & Risk Committee by the Group Chief Risk Officer > Compulsory corporate governance and ethics awareness sessions for all employees conducted by the Company Secretary > Implementation of a formal compliance programme throughout the Group
Expanding trade in international markets	<ul style="list-style-type: none"> > Increasing registration of products with international regulatory authorities to facilitate access to these markets > Establishing effective distribution channels > Establishing IT systems, logistics and planning systems for efficient supply > Identifying and partnering with established distributors in specific territories > Liaising with international funding providers > Applying innovative commercial strategies to deliver high quality and affordable healthcare into new markets > Skills and technology transfer in business alliances to secure access to manufacturing capabilities > Leveraging Aspen's strong manufacturing and commercial capability to explore opportunities with leading multinational and regional pharmaceutical companies

Business and operational risks	Risk mitigation activities and initiatives
Diversification into new areas of manufacturing	<ul style="list-style-type: none"> > Building manufacturing capability to enter niche markets e.g. steriles and oncology manufacturing > Extensive research into improved technology and formulations > Agreement concluded with Prestige Brands Inc. for the exclusive manufacture of leading eye drop brands for the United States and Canada > Agreement concluded with GSK for the licensing and supply of specialist generic products > Investing in advanced technology to increase capacity > Building on existing capacity to alleviate bottlenecks > Optimising manufacturing capability through multi-site registration of products > Adapting resource base and support functions to respond to demand > Continually pursuing initiatives for optimising efficiencies and throughput > Enhanced planning and forecasting systems and processes to meet local and international demand > Expanding of existing warehousing capacity for anticipated growth in volumes > Utilising of third-party manufacturers where appropriate > Recruitment and development of competent staff
Reliance on third party suppliers	<ul style="list-style-type: none"> > Vertical integration through raw material supply > Identifying alternative sources of supply where possible > Strategic alliances to strengthen the continuity of supply > Service level agreements with third parties
Complex regulatory compliance	<ul style="list-style-type: none"> > Various efficiency improvement and cost reduction projects to offset the impact of regulated pricing in South Africa > Ongoing review of legislation and regulations > Interactive engagement with regulators where appropriate > Dedicated Regulatory Department to ensure compliance in all territories > Training of personnel to develop a sustainable regulatory knowledge base for existing and new markets

Business and operational risks	Risk mitigation activities and initiatives
High degree of regulation and product liability risk	<ul style="list-style-type: none"> > Strict quality control at Group manufacturing levels > Enhancement of facilities by capital investment when necessary > Ongoing review of regulatory requirements > Monitoring of developments and engaging with regulators regarding developments in healthcare and pharmaceutical pricing regulations > Appropriate product liability cover > Compliance with relevant manufacturing standards > Ongoing quality control and product training for staff > Monitoring quality of procured products and services from approved suppliers
Physical protection of assets	<ul style="list-style-type: none"> > Annual insurance assessments > Independent insurance assessor and advisor > Assets insured at current replacement cost and operational risks covered > Appropriate controls > Planned maintenance
Information technology	<ul style="list-style-type: none"> > Ongoing assessments and upgrades > Increasing IT capabilities to keep pace with growth in the business > Integration of operational and business systems for maximum efficiency and control > Disaster recovery programmes > Strong IT security controls > Implementation of world-class IT systems to support internationalisation of the business
Exposure to foreign exchange fluctuations and global interest rate movements	<ul style="list-style-type: none"> > Treasury policy reviewed and revised > Increased natural hedging of imports and exports > Increased diversification in trading currencies > Hedging of risks actively pursued > No speculative positions taken

Business and operational risks	Risk mitigation activities and initiatives
Growth in offshore operations	<ul style="list-style-type: none"> > Appointment of key senior personnel > Shift of business weighting from the public sector to the private sector > New product introductions via licence agreements and acquisitions > Awareness of and compliance with legislative changes > Compliance with regulatory standards > Targeting of differentiated products for developing world markets > Leveraging off multinational relationships > Implementing of effective global distribution system > SHE (See detailed risks in the Sustainability Report on page 54.)
Reputation risk	<ul style="list-style-type: none"> > Strict confidentiality clause in all company agreements that contractually limits the parties from divulging sensitive information > Referral to the respective manager or executive of matters that could be a potential legal or reputational risk > Formal process for referral of enquiries from the media and investors to respective managers > SENS announcements and press releases where appropriate > Dedicated customer service and healthcare practitioner help lines to monitor and manage product complaints > Executive commitment to good corporate governance and effective internal controls > See "Reputation Management" on page 86 for further details.