Aspen Pharmacare Holdings Limited
Sustainability Report 2014

10 000 employees

Products distributed in more than 150 countries

16 consecutive years of double-digit growth

CONTENTS

Reading the Sustainability Report

This is Aspen's fifth Sustainability Report which has been prepared in accordance with the Global Reporting Initiative ("GRI") G3.0. The 2014 report meets the B+ application level and is structured around Aspen's sustainability themes. These represent identified economic, environmental, social and governance issues that are considered to be material to the attainment of the Group's strategic objectives. Aspen's strategic objectives are reported on pages 12 to 19 of the 2014 Integrated Report.

The Sustainability Report has been independently assured by Environmental Resources Management (Pty) Limited ("ERM") in accordance with AA1000AS. Assurance has been obtained for the Group's material key performance indicators ("KPIs") through application of a combined assurance approach. Details of assurance providers are outlined on the Five-Year Performance Review of Material Issues as reported on pages 11 to 19.

The GRI Standard Disclosures table and web-based, referenced documents can be accessed online.

The information in the Sustainability Report supplements the information provided in the Group's 2014 Integrated Report, Annual Financial Statements and Supplementary Documents. These documents are available online at www.aspenpharma.com.

Company names and currencies have been abbreviated throughout the Sustainability Report. Full names, additional abbreviations and acronyms can be referenced on pages 58 to 60.

Sustainability Report contact details

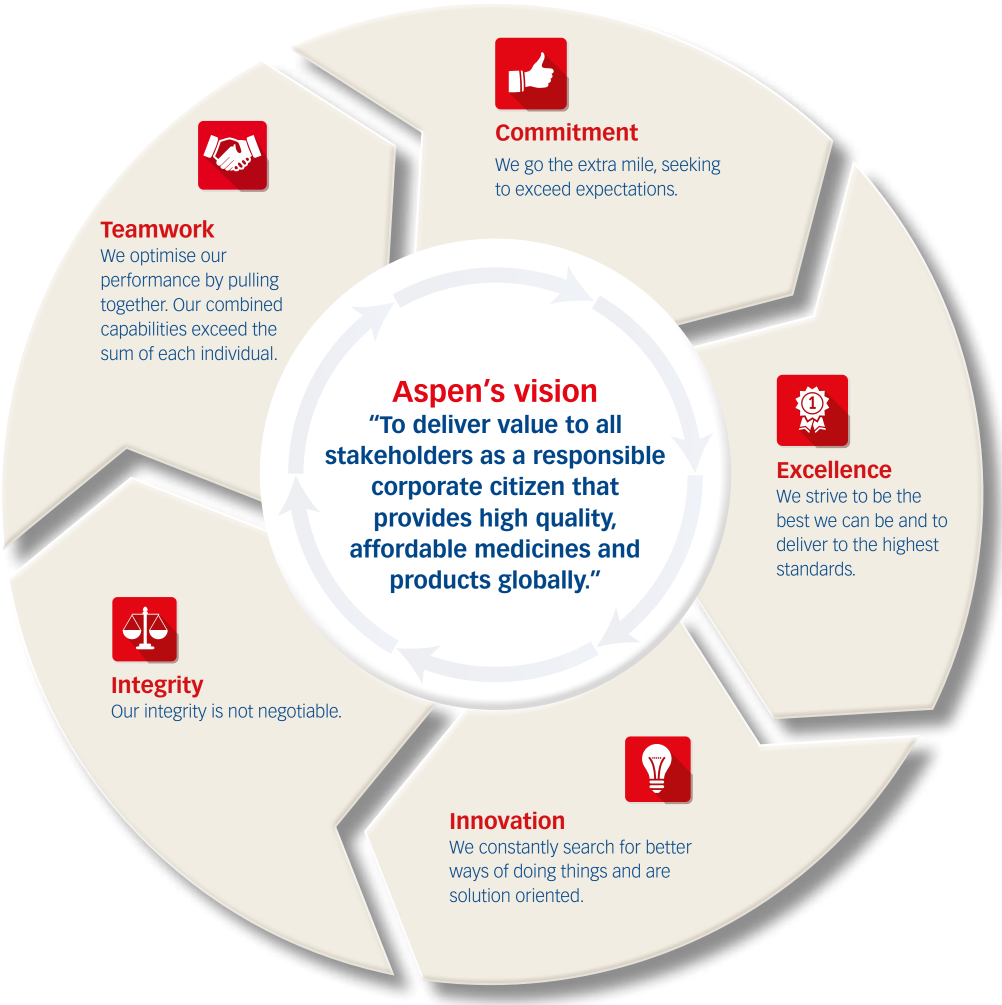
For queries regarding Aspen's Sustainability Report or its contents, contact Roshni Gajjar, Group Risk & Sustainability Manager at rgajjar@aspenpharma.com

About Aspen

Aspen is a pharmaceutical company listed on the JSE Limited ("JSE"). The Group has 26 manufacturing facilities across 18 sites on six continents. Aspen employs approximately 10 000 employees and is proud of its heritage dating back more than 160 years in South Africa.

The Group supplies an extensive basket of products that enable the treatment of a broad spectrum of acute and chronic conditions experienced throughout all stages of life. It is this combination of high quality and affordability that the Aspen brand has become renowned for. Aspen supplies products to more than 150 countries worldwide. Aspen is a supplier of branded and generic pharmaceutical products, as well as of infant milk nutritionals and consumer healthcare products in selected territories.

The Aspen business model creates value for stakeholders by the application of high levels of expertise and advanced processes, guided by the Group's values, to optimise the returns on its key intellectual and human capitals which are considered to be most influential to the Group.



Aspen believes in the importance of conducting its business in a way that is sustainable, which considers the future and which is accountable to stakeholders. In practising good corporate citizenship, consideration is given to the responsible management of ethics, human rights, health and safety, socio-economic development ("SED"), as well as the environment. Aspen's Responsible Corporate Citizenship Philosophy is available online.

The Group's global presence is shown on pages 10 and 11 of the 2014 Integrated Report.

Healthcare. We Care.

Message from the Group Chief Executive

> Through effective integration of the recently acquired businesses, the Group is well positioned to sustain the positive growth trend.
>
> **Stephen Saad**
> Group Chief Executive

This has been a transformational year for the Group, following the successful completion of material acquisitive transactions. These transactions include the acquisition of 11 specialist branded finished dose form molecules from Merck Sharpe & Dohme ("MSD"), two branded anticoagulant products from GlaxoSmithKline plc ("GSK"), as well as the licence rights to a well-known infant nutritionals portfolio in South Africa and Latin America from Nestlé. As part of these transactions, four manufacturing facilities were acquired in the Netherlands, United States ("US"), France and Mexico. In addition, 37 new legal entities were either incorporated or acquired by Aspen across Asia, Europe, Latin America and the Commonwealth of Independent States, comprising Russia and the former Soviet Republics ("CIS") countries. This facilitated the Group's diversification into targeted growth territories and high-demand medicinal portfolios. Contribution to gross revenue and operating profit from Aspen's offshore businesses now exceeds 70%, thereby diversifying geographic risk.

Global economic pressure, legislated reductions in the pricing of medicines and evolving pharmaceutical regulations are challenges being experienced by all pharmaceutical companies. Aspen's capable leadership teams have responded by remaining focused on defined strategic objectives through its constructive engagement with stakeholders and by harnessing opportunities for optimising business models. The Group has undertaken a process of rationalising its portfolio of intellectual property through divestment of selected non-core brands and selected molecules in the product pipeline in order for commercial strategies to be refined.

Encouraging progress has been made with the integration of new staff into the Group's culture through a series of structured induction sessions, functional workshops and conferences. Group executives and legal representation teams also met with relevant works councils and employee trade unions as part of the due diligence phase to address employee concerns and labour regulation requirements for acquired businesses. The Group human resources strategy has targeted the harmonisation of employee management policies and procedures across the various business units, as appropriate, for the next year and progress in this regard will be closely monitored. In addition, consideration is being given to customised leadership and skills development programmes for high-potential employees to support the Group's future human capital requirements.

In South Africa, Aspen's transformation objectives and targets have been reviewed and updated in response to the pending revision to the Broad-Based Black Economic Empowerment ("BBBEE") legislation. The impact of the revised legislation on the South African business continues to be assessed by the Social & Ethics Committee.

As reported last year, Aspen became a signatory of the United Nations Global Compact ("UN Global Compact") with effect from 31 July 2013 and is currently an active participant in this compact. I am pleased to reaffirm Aspen's support of the 10 principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption.

In its capacity as a signatory to the UN Global Compact, Aspen looks forward to building on its existing reputation for respecting basic human rights, engaging in fair labour practices, being environmentally responsible and having a zero-tolerance approach to corruption. My thanks go to the Social & Ethics Committee, which monitors the implementation of policies and procedures applicable to the Group as a whole in respect of the application of the letter and the spirit of the 10 principles set out in the UN Global Compact. Aspen's Communication of Progress Report describes Aspen's actions to continually improve the integration of the UN Global Compact and its principles into its business strategy, culture and daily operations and is available online.

Further progress has been achieved in the alignment of safety, health and environmental ("SHE") management systems to international standards. Aspen Bad Oldesloe successfully achieved the ISO50001 environmental management certification for the first time. The measurement and management of safety incidents was improved during the year, following required functional reporting training provided to business unit SHE teams by the Group SHE department. This resulted in increased awareness of Aspen's safety management objectives. No fatalities were recorded during the year. Some increases have been recorded in the Group's safety ratios and steps are being taken by the affected business units to address the root cause of reported incidents. Annual SHE legal compliance audits were conducted by external assurance providers during the year and confirmed a satisfactory status across most manufacturing facilities. Areas for improvement have been identified and will be addressed over appropriate timeframes. SHE systems at the facilities outside South Africa and FCC are in the process of being aligned to OHSAS18001 and ISO14001 standards over a phased three-year plan which includes the recently acquired facilities. Due to changing safety and environmental legislation in Europe and the ageing infrastructure at the Moleneind and Boxtel sites, the risk of non-compliance to new safety legislation at Aspen Oss is of material concern to the Group. Progress of mitigation plans is therefore being closely monitored by Group executives and by the Social & Ethics Committee. Proactive engagement with affected stakeholders and the relevant authorities in the Netherlands continues to take place.

Aspen has continued to support SED projects aimed at increasing access to primary healthcare facilities, the management of HIV/AIDS and developing the pool of scarce healthcare skills in South Africa through its participation in the Public Healthcare Enhancement Fund ("PHEF"). In total, 86 projects were supported in South Africa. Aspen employees from 29 countries volunteered their time in support of Nelson Mandela International Day to support 58 community upliftment projects.

Aspen's sustainability reporting process has become well embedded into the Group's management philosophy and business language. Sustainability assurance providers have again given valuable feedback through the combined assurance process which direct continuous improvement in the management, measurement and disclosure of the Group's sustainability indicators according to best practice. Steps will be taken during 2015 to extend the reporting requirements to the recently acquired businesses once integration plans have been completed. Consideration will also be given to the establishment of objectives and targets for sustainability performance indicators, as appropriate. The Group's sustainability reporting strategy is aligned to international best practice and, to this end, consideration will be given to the GRI G4 and Integrated Reporting Framework Principles during the next year.

The Group has delivered strong returns to shareholders for 16 consecutive years with the compounded growth rate ("CAGR") of gross revenue, EBITA* and normalised headline earnings per share exceeding 40% over this period. From humble beginnings, Aspen has become a global multinational pharmaceutical company, with its products reaching more than 150 countries across developed and developing pharmaceutical markets. Through effective integration of the recently acquired businesses, new staff and intellectual property over the next year, the Group is well positioned to sustain the positive growth trend through its expanded global team of approximately 10 000 employees.

I would like to thank members of the Board for the sound guidance provided in managing the Group's sustainability objectives in the responsible pursuit of Aspen's strategic objectives. We trust that, through our integrated sustainability management approach, Aspen continues to be a partner of choice for stakeholders and maintains its strong investment case for shareholders.

Stephen Saad
Group Chief Executive

22 October 2014

**Operating profit before amortisation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements.*

Aspen's sustainability reporting process

About this report

This report provides stakeholders with an overview of Aspen's sustainability management performance for the year ended 30 June 2014. Events subsequent to year-end are included where these support the disclosure of initiatives in place at year-end. The 2013 Sustainability Report was issued in November 2013 in conjunction with the 2013 Integrated Report.

The Sustainability Report is prepared annually and presents the Group's sustainability management performance during the year, as measured through KPIs. These aspects are discussed under sustainability themes that represent the Group's material issues. This information supplements the information contained in the Integrated Report.

Reported data has been measured using generally accepted measurement techniques for reported indicators. Comparative information may be restated where audited findings and/or a refinement of measurement systems and/or standardisation of recording methodologies require.

Comparative information is disclosed on a consistent basis to that of the relevant reporting period, unless otherwise stated. Where comparative data has been restated, concise explanations are included on page 48 to support the restated values on the pages upon which these performance indicators are disclosed.

Explanations are provided to clarify year-on-year movements above 5% against comparative 2013 information.

Scope and boundaries

The information reported in this Sustainability Report includes all operating subsidiaries and collaborations, controlled by the Group across the geographic segments comprising International, Asia Pacific, South Africa and sub-Saharan Africa ("SSA"). There are no limitations to the scope and boundary of reported information in any of these business units, except as outlined below.

During the year, sustainability reporting was implemented at the following recently incorporated business units:

- Aspen Taiwan; and
- the nutritional commercial business in Mexico, indirectly acquired by Aspen Global.

Certain KPIs have been reported in respect of the recently integrated business units. The full sustainability reporting process is only scheduled to be implemented during 2015 at the following new and acquired business units:

- the active pharmaceutical ingredient ("API") facilities acquired from MSD with effect 1 October 2013: Aspen Oss, the Netherlands and Aspen USA;
- the Nestlé nutritionals facility acquired with effect 28 October 2013: Vallejo, Mexico;
- the GSK pharmaceutical manufacturing facility acquired with effect 30 April 2014: Aspen NDB, France; and
- Aspen's recently established commercial businesses in the Europe CIS region.

Only selected KPIs have been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress, as set out in the table below:

MEASURED DURING 2014	NOT MEASURED DURING 2014
Number of product recalls (commercial)	Disabling incident frequency ratio ("DIFR") (social/safety)
IMS value of molecules in the product pipeline over the next five years (commercial)	Lost work day frequency ratio ("LWDFR") (social/safety)
Return on ordinary shareholders' equity (economic)	Average training spend per employee (social/human resources)
Growth in gross revenue from continuing operations (economic)	Carbon emissions (environmental)
Growth in EBITA (economic)	Amount of waste recycled (environmental)
Growth in normalised, headline earnings per share from continuing operations (economic)	Electricity used (environmental)
Annualised value added per employee (economic)	Volume of water used (environmental)
Operating cash flow per share (economic)	
Net interest cover (economic)	
Return on total assets (economic)	
EBITA margin (economic)	
Average staff turnover (social/human resources)	
Number of material incidents of legislative non-compliance (governance)	

Information for the Baulkham Hills, Croydon, Dandenong and Noble Park manufacturing sites is included in the 2014 reported data for Aspen Australia. The Croydon site has been closed, decontaminated and sold during the year. The Noble Park and Baulkham Hills sites are expected to be closed by December 2014 and future disclosures will only include information in respect of the Dandenong site.

KPIs are implemented based on the relevance and suitability of these KPIs to the effective measurement of Aspen's performance across the commercial* and manufacturing business units. Consideration is also given to the relevance of these KPI measures to the risk management processes at these business units. Consequently, material KPIs are applied to Aspen's business units using the following approach:

MATERIAL INDICATOR CATEGORY	APPLICABILITY TO BUSINESS UNITS
Commercial*	Commercial business units only
Economic indicators	All business units
Governance	All business units
Social indicators/ human resources and other	All business units
Social/safety#	Manufacturing business units only
Environmental**	Manufacturing business units only

* *Commercial business units include sales & marketing and administrative offices.*

\# *Safety representation structures are in place across all manufacturing and commercial sites. However, the DIFR and LWDFR are not measured at the commercial sites.*

** *Environmental indicators are not measured and reported for the commercial business units as their environmental impact is not significant.*

Refer to pages 10 and 11 of the 2014 Integrated Report for a depiction of the Group's global presence, representing the location of its manufacturing and commercial business units.

Sustainability governance

The Board is responsible for monitoring the effectiveness of the Group's sustainability management activities. However, this responsibility is not considered an isolated Board or corporate office function. Management of economic, environmental, social and governance principles are an embedded part of the day-to-day strategic, operational, compliance and financial processes at Aspen. Aspen's directors bring a balance of financial, commercial, operational, social responsibility and legal understanding and experience to ensure effective governance of sustainability within the Group. Training is offered throughout the year, as required, to ensure Board members are kept abreast of new developments in sustainability and integrated reporting. Targeted training sessions are held where a Board member identifies an opportunity to increase technical understanding of a matter. The results of the Board's annual performance evaluation are available to external auditors upon request.

The Audit & Risk Committee reviews and approves the Group's material sustainability issues and related KPIs annually. These are then ratified by the Board to ensure alignment with the Group's strategic objectives, key risks and stakeholder expectations. The Board monitors the progress of the Group's sustainability KPIs on a quarterly basis.

The Social & Ethics Committee monitors the governance of the Group's social, environmental, human rights and ethics issues in accordance with the relevant regulations, guidelines and recommendations, including those shown in the diagram on page 7.

The compensation of members of the Board, senior managers and executives is linked to financial, social and environmental measures relevant to their functional responsibilities. These aspects are considered to be a fundamental part of executive and management responsibilities. Accountability for effective management of material sustainability issues has been integrated into the Group's strategy.

This paragraph on Sustainability Governance should be read together with the following online supplementary governance reports:

- the 2014 Corporate Governance Statement which provides required details on the composition of the Board, roles of Board committees, legislative compliance and other aspects relevant to the application corporate governance standards in accordance with King III, the JSE Listings Requirements and South African Companies Act;
- the 2014 Social & Ethics Committee Report which outlines the Group's approach to social, ethics and human rights management;
- the 2014 Audit & Risk Committee Report which describes Aspen's approach to combined assurance over the sustainability and integrated reports and risk management philosophy; and
- the 2014 Remuneration & Nomination Committee Report which provides information on the Group's remuneration philosophy and policies.

The UN Global Compact

Aspen is committed to the principles of the UN Global Compact. The Group's Social & Ethics Committee monitors the implementation of policies and procedures which apply to the Group as a whole in respect of the application of the letter and the spirit of the 10 principles.

Aspen's sustainability reporting process continued

Aspen became an active participant of the UN Global Compact with effect from 31 July 2013. The Group has reviewed its policies and procedures to ensure that these align with the UN Global Compact principles, as well as the Organisation for Economic Co-operation and Development ("OECD") recommendations regarding bribery and corruption. Aspen's ethics management programme has been implemented across all business units. The appointed regional ethics officers were required to report on the application of these principles and recommendations in their regions and now serve as a monitoring resource to ensure these are consistently applied. The regional ethics officers also engaged with the key business leaders in their relevant operations to ensure that they understand these principles and recommendations and implement the processes and controls necessary to support them. The Company Secretary & Group Governance Officer monitors adherence to the Group's Code of Conduct and Ethics management principles.

In its capacity as an active signatory to the UN Global Compact, Aspen looks forward to building on its existing reputation for respecting basic human rights, engaging in fair labour practices, being environmentally responsible and having a zero-tolerance approach to corruption.

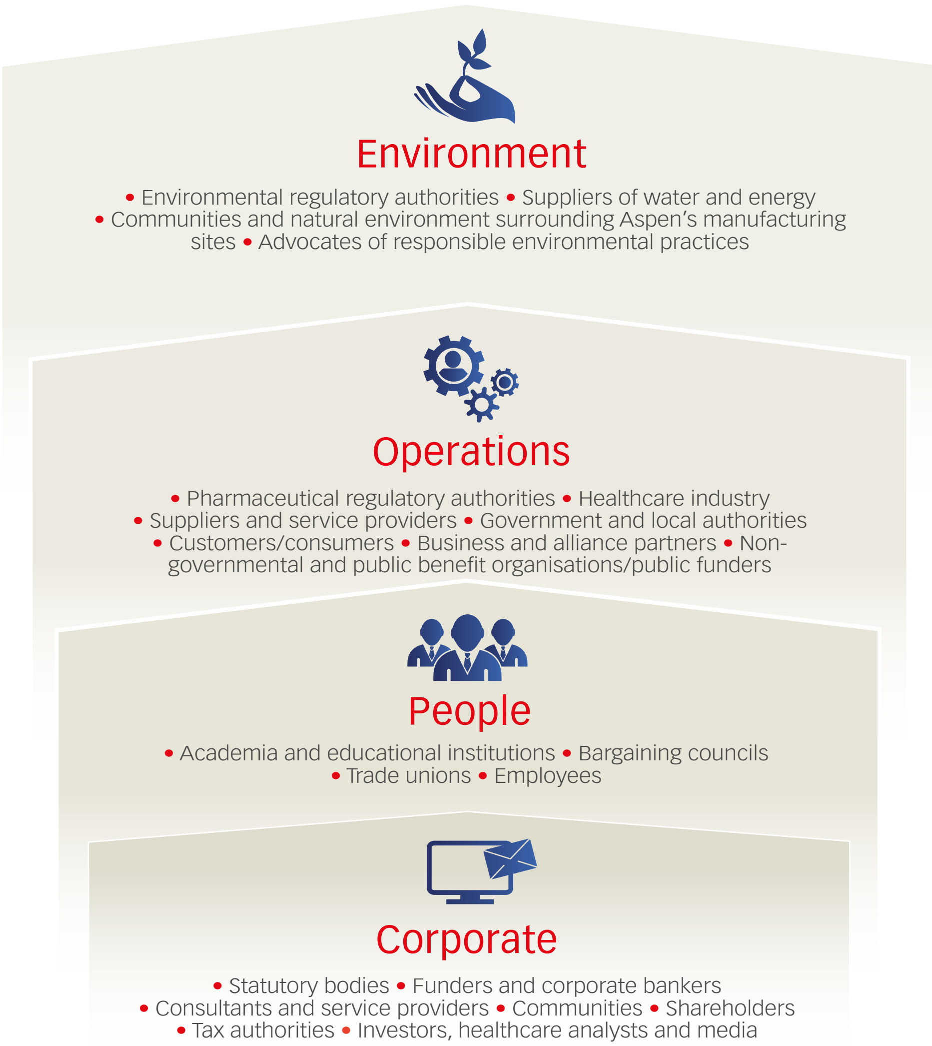
Aspen's full UN Global Compact Communication on Progress Report is available online.

Stakeholder engagement

Aspen values its ability to foster and maintain strong relationships with its stakeholders through transparent and effective communication. Stakeholders are defined as those persons, groups or organisations directly impacted by the activities of the Group, as well as those persons, groups or organisations that can reasonably be foreseen to be impacted by the Group's activities.

A structured system of engagement exists to ensure the timely communication of accurate and relevant information to each stakeholder group, in a consistent manner. Steps are being taken to identify and actively engage Aspen's relevant stakeholders in the new businesses as Aspen embeds its presence across new territories.

The diagram below depicts the Group's key stakeholder groups:



Aspen's Stakeholder Engagement Policy and the Group's 2014 Stakeholder Engagement Report can be accessed online.

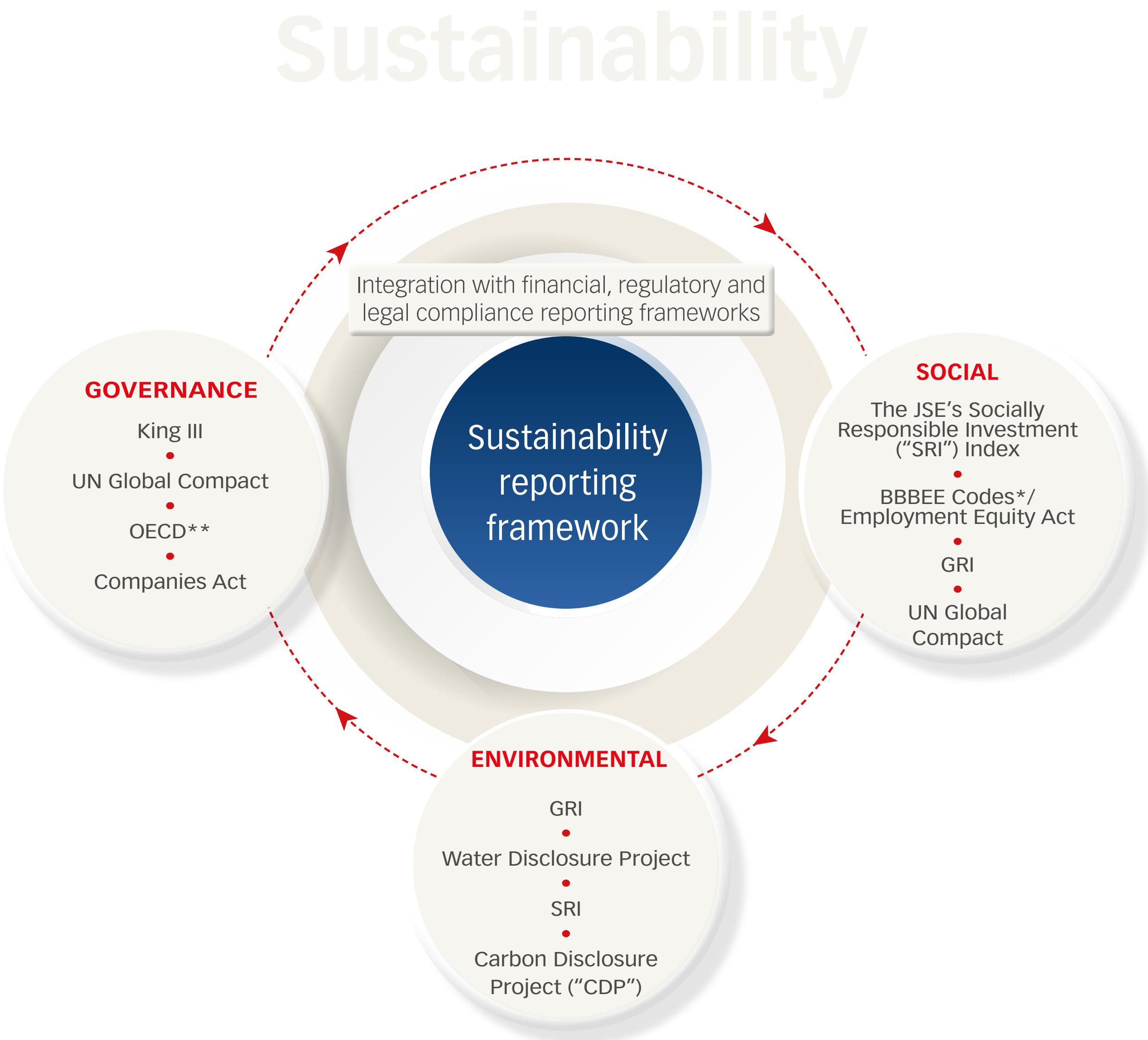
Determination of material issues and prioritisation of topics

The Sustainability Report discusses the KPIs under sustainability themes which represent the Group's material issues. Aspen's material sustainability issues were derived through discussions with management and the Board and through continued interactions with the Group's key stakeholders with reference to:

- the Group's strategic objectives;
- external factors impacting the Group's business model and pursuit of strategic objectives;
- key business risks impacting the Group's sustainability;
- the Group's mandated responsibilities to its stakeholders in terms of the business model and related stakeholder expectations; and
- the value and/or opportunity cost of the applied financial, intellectual, technical, human and environmental capitals to the business and responsible management of these.

Progress on Aspen's sustainability reporting journey

Aspen continues to make good progress with the standardisation and refinement of sustainability reporting processes throughout the Group in alignment with recommended frameworks.



*Applies to South African business only.
**OECD recommendations regarding bribery and corruption.

Aspen's sustainability reporting process continued

The integration of sustainability reporting with financial, compliance and governance reporting requirements remains an area of focus. To this end, responsibility for human resources and SHE KPIs has been effectively transferred to the respective Group functions during the year. This will ensure that appropriate compliance expertise is applied in managing the integrity and consistency of affected information and in providing appropriate technical support to the business units.

Sustainability reporting training was conducted at the Vallejo, Mexico and Aspen Oss sites in March and April 2014, respectively. Similar training will be conducted at the Aspen NDB site and for the Europe CIS business during 2015, following the completion of business integration plans.

Other notable sustainability continuous improvement objectives realised during the year include:

- compilation and implementation of standard operating procedures to guide the consistent and accurate recording of KPIs across all business units;
- good progress being made with the implementation of corrective action plans arising from the 2013 sustainability audits as part of the continuous improvement processes;
- inclusion of information for the Australian manufacturing sites in the 2014 CDP submission in addition to information for the South African and German sites;
- enhancement of the KPI reporting templates to a satisfactory state of maturity and readiness for automation; and
- compilation and implementation of a Group policy to manage sustainability evaluations received from key customers in alignment with the objectives of the Group's Responsible Corporate Citizenship Philosophy which is available online.

The Group's medium-term sustainability management focus areas include the following key activities:

- consideration of aligning Aspen's sustainability reporting process to GRI G4 and the Integrated Reporting Principles, as appropriate, during 2015;
- automation of the current sustainability reporting process during 2015 to accommodate the Group's expansion and for improved efficiency;
- implementation of sustainability reporting processes across the new business units in Europe, Asia and Spanish Latin America during 2015;
- addressing continuous improvement recommendations arising from the 2014 sustainability audits in accordance with scheduled milestones;
- extending the measurement of the Group's carbon footprint to facilities in Europe, Spanish Latin America and SSA over a phased three-year period;
- completion of the three-year phased project to align safety and environmental management systems to international standards across designated manufacturing facilities;
- ongoing training of internal stakeholders in the sustainability reporting process to enhance the quality of reported information;
- continuous assessment of underlying functional reporting systems to improve data integrity and consistency;
- further standardisation of human resources policies and procedures, as appropriate, across the Group; and
- implementation of sustainability risk mitigation plans by relevant management teams and monitoring the effectiveness of these mitigation plans by Group executives and Aspen's Board.

Combined assurance

The combined assurance approach continues to be applied to obtain assurance over the 2014 Sustainability Report and the underlying sustainability reporting processes. ERM conducted a Type 2, Moderate Assurance engagement in accordance with AA1000AS. PricewaterhouseCoopers Inc. ("PwC"), the Group's external auditors, conducted a limited assurance engagement in respect of material financial KPIs in accordance with ISAE 3000. Other non-financial material indicators were assured by ERM, Empowerdex and Aspen's Internal Audit department ("Internal Audit") as set out in the five-year performance review of material issues set out on pages 11 to 19 of this report.

The 2014 sustainability assurance statements from external assurance providers can be accessed online. Recommendations for improvement arising from the combined assurance processes are addressed, as appropriate, as part of the sustainability reporting continuous improvement process.

Aspen's Internal Audit department also provided limited assurance on selected KPIs and, based on the audit work performed, concluded that the tested KPIs have been prepared in accordance with the defined reporting criteria and are free from material misstatements.

Management of the Group's capitals

The International Integrated Reporting Council's Integrated Reporting Framework introduces the concept of the six capitals as stores of value that decrease or are transformed through the activities and outputs of an organisation. Although the Group does not currently evaluate its business in accordance with these capitals, Aspen recognises its intellectual and human capitals as most influential to its business model. In conducting its business, the Group promotes feasible application of its financial and manufacturing capital to achieve its strategic objectives with due consideration of the need to protect and preserve its natural capital and through nurturing its social and relationship capitals.

CAPITAL	ASPEN'S MATERIAL ISSUE/ SUSTAINABILITY THEME	MATERIAL AND OTHER RELEVANT SUPPORTING KPIs MEASURED
Financial capital The pool of funds that is: ➤ available to an organisation for use in the production of goods or in the provision of services; and ➤ obtained through financing, such as debt, equity or grants, or generated through operations or investments	➤ Adding economic value to stakeholders ➤ Maintenance of financial health	➤ Return on ordinary shareholders' equity ➤ Net interest cover ➤ Operating cash flow per share
Manufactured capital ➤ Manufactured physical objects that are available to an organisation for use in the production of goods or the provision of services, including buildings and equipment	➤ Sustaining a cost competitive manufacturing base ➤ Providing a safe working environment	➤ Return on total assets ➤ EBITA margin percentage ➤ DIFR ➤ LWDFR
Intellectual capital Organisational, knowledge-based intangibles, including: ➤ intellectual property, such as patents, copyrights, software, rights and licences; and ➤ organisational capital such as tacit knowledge, systems, procedures and protocols	➤ Sustaining life and health through high quality and affordable medicines	➤ IMS value of product pipeline for the next five years ➤ Growth in gross revenue from continuing operations ➤ IMS share of pharmaceutical sales in key territories
Human capital ➤ People's competencies, capabilities and experience and their motivations to innovate	➤ Creating an environment in which our employees can thrive	➤ Average staff turnover ➤ Average training spend per employee ➤ Percentage of permanent staff for whom key performance assessments are conducted ➤ Value added per employee

Aspen's sustainability reporting process continued

CAPITAL	ASPEN'S MATERIAL ISSUE/ SUSTAINABILITY THEME	MATERIAL AND OTHER RELEVANT SUPPORTING KPIs MEASURED
Social and relationship capital ➤ The institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective well-being	➤ Promoting equality ➤ Conducting our business in a responsible manner	➤ BBBEE accreditation in South Africa ➤ Ratio of male and female employees ➤ Number of incidents of discrimination ➤ Incidents of material legislative infringements ➤ Value of SED spend ➤ Number of employees participating in voluntary HIV/AIDS testing and counselling programmes in southern Africa
Natural capital ➤ All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation	➤ Managing efficient utilisation of scarce resources ➤ Preserving the environment	➤ Electricity used ➤ Volume of water used ➤ Carbon emissions ➤ Amount of waste recycled

Sustainability reporting accolades

The Group is committed to continuous improvement of its sustainability reporting process in accordance with international best practice. The Group benchmarks the information disclosed in the Group's Integrated Report and Sustainability Report on an ongoing basis to monitor the adequacy and comparability of the Group's sustainability management information with reference to global best practice trends.

Aspen again qualified for the SRI Index in November 2013 and is currently the only pharmaceutical company in this index. Active participation in the SRI process will continue in 2014 and feedback from the 2014 SRI results, published in November, will be considered for inclusion in future integrated reports.

During the year, the Group's 2013 Sustainability Report received the following accolades:

- awarded best Sustainability Report at the Chartered Secretaries Southern Africa/JSE Annual Report Awards; and
- ranked in the top 25 of 311 companies in the Integrated Reporting and Assurances Survey.

Five-year performance review of material issues

Aspen continues to focus on improving its sustainability reporting process to measure and report on the Group's sustainability management performance. The Board monitors the management of the Group's material issues on a quarterly basis with reference to the appropriate KPIs. On an annual basis, the Audit & Risk Committee approves the material issues and KPIs in relation to the Group's strategic objectives, relevant business risks and recommended disclosure obligations.

Aspen's five-year sustainability performance review is presented in the table below and identifies providers of combined assurance for each material KPI. Assurance statements in respect of the KPIs for 2014 issued by ERM and PwC are available online.

Refer to page 51 regarding Aspen's management of a material environmental risk related to existing contamination and corrosion at the acquired MSD sites in Oss, the Netherlands.

RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Sustaining life and health through high quality and affordable medicines

Number of product recalls

Page 20

Products regulatory authorities determine to be potentially harmful to patients and require to be recalled. Indicate the extent to which quality systems are effective.

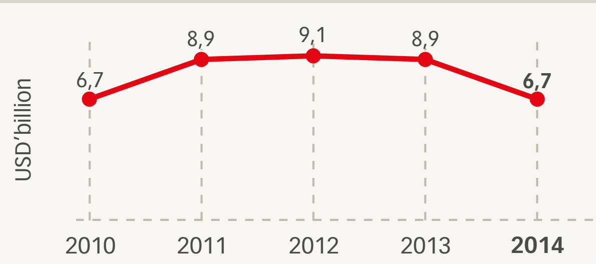
2014 assurance provided by: Internal Audit

To continue to supply high quality and compliant products to a growing global customer base and ensure customer safety throughout the product lifecycle across the expanded product portfolio.

IMS value of total product pipeline for the next five years

Page 21

Leading indicator of potential organic revenue growth over the next five-year period. References IMS sales values as at 31 December 2013 for currently patented originator molecules which are included in the Group's pipeline as at 30 June 2014 and that are in the process of being developed into generic equivalents of the originator product.



2014 assurance provided by: Internal Audit

To monitor the relevance and commercial viability of molecules in the product pipeline to ensure optimum returns on investment in the product pipeline.

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Five-year performance review of material issues continued

RELEVANCE TO THE BUSINESS | **FIVE-YEAR PERFORMANCE REVIEW** | **CONTINUOUS IMPROVEMENT OBJECTIVE**

Adding economic value to stakeholders

Return on ordinary shareholders' equity

Page 22

Measures productivity of ordinary shareholders' equity. Can be benchmarked against other potential investments by shareholders.

2014 assurance provided by: PwC

To identify assets diluting the return on ordinary shareholders' equity and to devise strategies to improve these outcomes.

Growth in gross revenue from continuing operations

Page 22

Revenue is the foundation of business performance. The product of the volume and price of products sold. Change in revenue is a leading indicator of the growth or contraction of a business.

2014 assurance provided by: PwC

To continue to refine the product offering to ensure the portfolio has sufficient growth drivers.

Growth in EBITA

Page 22

A leading indicator of growth in operating profitability.

2014 assurance provided by: PwC

To continue to identify margin improvement opportunities.

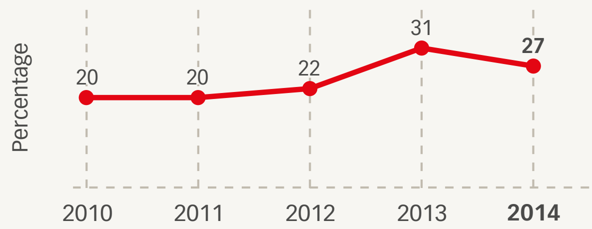
RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Adding economic value to stakeholders continued

Growth in normalised headline earnings per share from continuing operations

Page 22

Measures earnings performance per share year-to-year in relative terms on a consistent and comparable basis. The leading indicator of overall improvement in earnings performance.



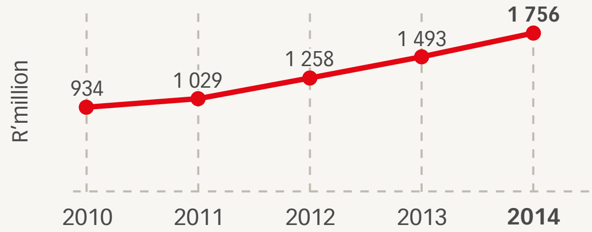
2014 assurance provided by: PwC

To adopt and implement strategies that benefit shareholders in the medium term.

Annualised value added per employee

Page 22

The leading indicator of the productivity of the Group's permanent employees in value creation.



2014 assurance provided by: PwC

The ongoing management, development and performance assessment of the Group's employees in order to achieve improved productivity.

Five-year performance review of material issues continued

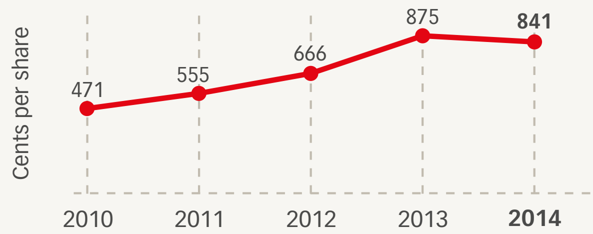
RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Maintenance of financial health

Operating cash flow per share

Page 32

Indicates the Group's ability to generate cash which is key to meeting cash outflow commitments.



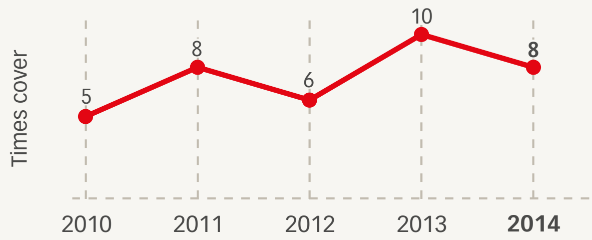
2014 assurance provided by: PwC

To work on practices at newly acquired businesses to ensure these are consistent with the Group's strong cash generation model.

Net interest cover

Page 32

The leading indicator of the headroom that the Group has to service its debt.



2014 assurance provided by: PwC

To sustain earnings and funding arrangements at a level which allows achievement of the Group's internal medium-term target of at least five times interest cover.

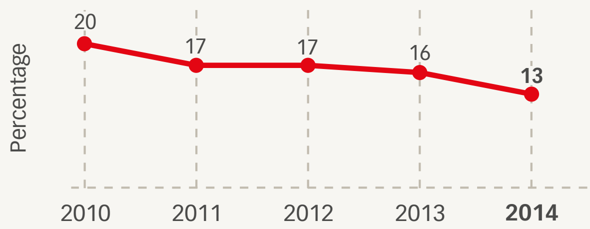
RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Sustaining a cost-competitive manufacturing base

Return on total assets

Page 34

Measures productivity of the assets of the Group. Can be benchmarked against other companies.



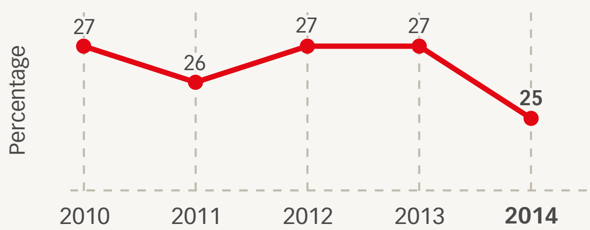
2014 assurance provided by: PwC

To evaluate the performance of existing and new assets and enhance returns on under-performing assets.

EBITA margin

Page 34

EBITA is a leading indicator of the efficiency of profit generation which is influenced by relative selling price, relative cost of goods and operating expenses.



2014 assurance provided by: PwC

To remain committed to the Group's cost-conscious culture and continuous improvement programmes which enhance operational efficiencies to support the sustained feasibility of commercial strategies.

Five-year performance review of material issues continued

RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Providing a safe working environment

DIFR and LWDFR

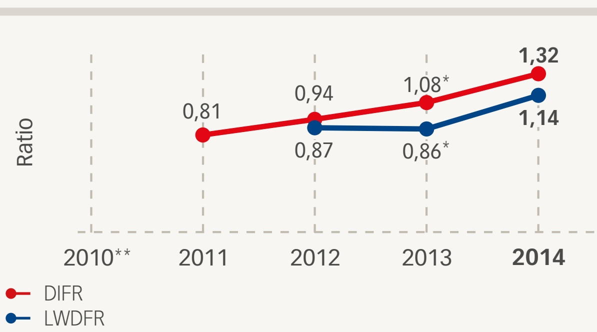
Pages 48 and 49

DIFR#

Percentage of employees who suffered disabling injuries in the 12 months ended 30 June, irrespective of whether such incidents resulted in lost work days.

LWDFR#

Percentage of employees who had to be booked off due to work-related disabling injuries or illnesses over the last 12 months.



*Restated following correction of identified errors in calculations of 2013 DIFR and LWDFR at Aspen Brazil and Shelys.
**DIFR not measured in 2010. LWDFR measured from 2012.

2014 assurance provided by: ERM

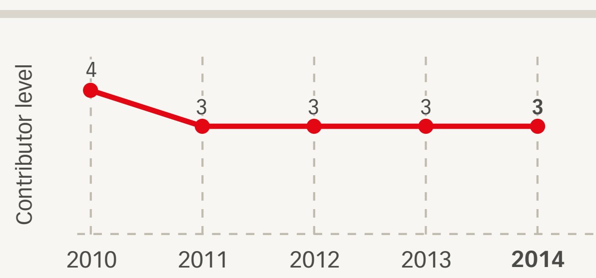
To align safety management systems across the Group's manufacturing facilities to international standards by 2017 and to provide ongoing awareness and training of staff to prevent work-related injuries.

Promoting equality

BBBEE accreditation in South Africa**

Page 44

Measures Aspen's adherence to BBBEE legislation in South Africa and indicates Aspen's success in transformation. Supports the credibility of the Group as a partner of choice in terms of South African preferential procurement criteria in the public and private sectors.



2014 assurance provided by: Empowerdex

To remain committed to transformational objectives in South Africa and to align related programmes in the South African business appropriately in response to the revised BBBEE Codes.

*** Relevant to South Africa only.*

 # These indicators have not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5.

RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Creating an environment in which our employees can thrive

Average staff turnover

Page 37

Indicates the percentage of Aspen's permanent employees who have left the Group in the year.

2014 assurance provided by: Internal Audit

To analyse reasons for staff turnover against benchmarked in-country trends and to promote the attraction and retention of high-performing individuals who are capable of supporting the Group's future growth.

Average training spend per employee*

Page 37

Aspen invests in the enhancement of employees' capabilities aligned to the short- and medium-term business objectives.

2014 assurance provided by: Internal Audit

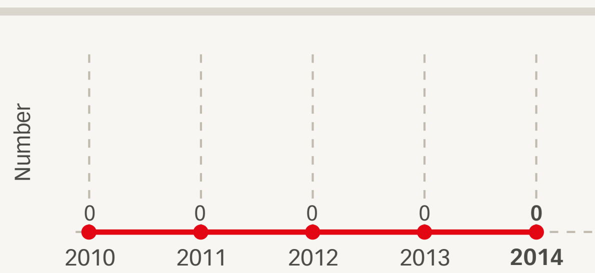
To achieve effective alignment of employee development programmes to future business needs and to improve the effectiveness of systems used to measure training spend across the Group.

Conducting our business in a responsible manner

Number of material incidents of legislative infringements

Page 5 of the online Governance Report

Lawful compliance underpins an ordered and effective society. Aspen strives to conduct its business with due care and regard for all legislation relevant to the Group.



2014 assurance provided by: Internal Group Compliance Officer Review

To uphold the Group's reputation as a responsible corporate citizen, a strong investment case, a trusted business partner and employer of choice.

** These indicators have not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5.*

Healthcare. We Care.

Five-year performance review of material issues continued

RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Conducting our business in a responsible manner continued

Carbon emissions*#

Page 52

Aspen recognises that greenhouse gas emissions need to be controlled in order to prevent environmental damage which could threaten global environmental sustainability. The Group therefore seeks to manage its carbon footprint responsibility.

2014 assurance provided by: ERM

To contain the Group's carbon footprint by maintaining compliance with good manufacturing practice ("GMP") which limits emissions at the manufacturing facilities and through feasible investment in environmentally responsible technologies.

Amount of waste recycled#

Page 52

Waste recycling is undertaken to manage waste in an environmentally responsible and resourceful manner, extending utilisation of finite resources and limiting waste disposal. In addition to supporting the environment, this is cost effective.

2014 assurance provided by: ERM

To improve the classification of waste streams across the international businesses, to adopt more responsible waste disposal methods and promote waste recycling initiatives.

** 2014 emissions data was verified by ERM for Aspen's sites where this information was recorded including South Africa, Germany and Australia. In addition, Aspen's 2014 CDP submission, containing Scope 1 and Scope 2 emissions data for South Africa, Germany and Australia as recorded for the 2013 financial year, was reviewed by ERM.*

 # These indicators have not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5.

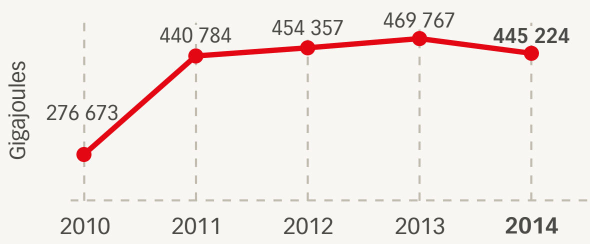
RELEVANCE TO THE BUSINESS	FIVE-YEAR PERFORMANCE REVIEW	CONTINUOUS IMPROVEMENT OBJECTIVE

Managing efficient utilisation of scarce resources

Electricity used#

Page 56

Electricity provides the primary source of power to the Group's manufacturing sites. It is an increasingly expensive commodity. In many markets there is a risk of supply interruptions at times of excess load on the source of supply. Efficient electricity utilisation supports lower cost of production and reduces demand, prolonging energy sources.



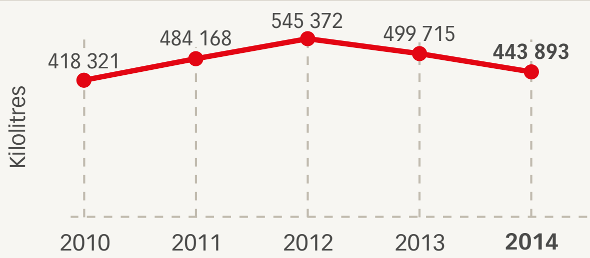
2014 assurance provided by: ERM

To identify and implement feasible electricity conservation projects at the manufacturing facilities in accordance with targeted objectives and to enhance the measurement of savings initiatives using intensity-based calculators.

Volume of water used#

Page 56

Water is essential for the manufacture of Aspen's products, as an energy source (steam), as a lubricant in manufacture, as a delivery medium in liquid medicines, as a cooling agent in temperature control and as a cleaning material. As a limited resource in scarce supply, it is recognised that initiatives to curtail water utilisation will allow for more sustainable water availability.



2014 assurance provided by: ERM

To identify and implement feasible water recycling projects at the manufacturing facilities in accordance with targeted objectives and to remain aware of developments in water-efficient technology suitable for the pharmaceutical industry.

#These indicators have not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5.

Sustaining life and health through high quality and affordable medicines

Relevance to the business

Aspen's vision strives to deliver value to stakeholders through the responsible supply of high quality, affordable medicines, consisting of a diverse portfolio of branded and generic medicines, consumer healthcare products, nutritional formulas and specialist APIs. Aspen's products reach customers across multiple territories in the developed and developing pharmaceutical markets, addressing relevant therapeutic categories in targeted territories and treating a broad spectrum of chronic and acute conditions.

The Group's historical growth trajectory has been achieved through a combination of organic and inorganic strategies. The product pipeline represents the Group's long-term investment in intellectual capital in the form of product molecules to facilitate organic growth through the launch of new products. These products sustain the well-being of millions of patients who have grown to trust the Aspen brand. The Group manages and monitors the product pipeline in alignment with its commercial growth objectives and continually evaluates the commercial feasibility of pipeline molecules with reference to available market intelligence.

The acquisition of post-patent, specialist global brands and product distribution arrangements entered into with leading multinational pharmaceutical companies, supplement Aspen's organic growth strategy and strengthen the Group's ability to respond to identified healthcare needs. The Group evaluates the return on investment on its intellectual property on an ongoing basis. Promotional activities are aimed at maintaining and growing the value of key brands and this facilitates organic growth of established product portfolios. The Group secures consistent supply of life-sustaining products to customers, at affordable prices, by leveraging its cost-competitive manufacturing facilities and its sophisticated international supply chain infrastructure.

Managing the responsible supply of products

A large portion of products are manufactured at Aspen's own manufacturing sites. At the manufacturing facilities, stringent controls are implemented at various stages of the manufacturing process in accordance with GMP which governs the pharmaceutical industry. Manufacturing facilities are subjected to periodic inspections by relevant pharmaceutical regulatory authorities that regulate each supplied territory. Through these processes, only products that meet the prescribed quality and regulatory standards are released for sale into the market. Throughout the product lifecycle, the quality and efficacy of supplied products are monitored using systems approved and monitored by regulatory authorities.

Products are largely sold through own sales representative structures. Accredited third-party distributors are generally used to provide logistics services and, in certain markets, wholesaling services. Aspen is responsible for the quality of products across all territories. Products are promoted in accordance with applicable regulations, product packaging requirements and relevant marketing codes governing the supply of products in each territory.

Managing quality requirements in the supply chain

A smaller portion of supplied products are produced by accredited third-party manufacturers who are approved on the basis of regulatory accreditation, quality, manufacturing capability, cost and supply efficiency. Raw materials and packaging materials are purchased from accredited and authorised suppliers who meet the necessary quality, regulatory and Aspen-specified requirements. The Quality Assurance department conducts potential and existing supplier audits to support the Group's high quality objectives in the supply chain. All suppliers and service providers to Aspen are bound by the Group's Code of Conduct to uphold ethical standards across the supply chain.

Focused product awareness training is conducted for employees and for customers, as relevant.

Review of 2014 performance

Material KPI	2014	2013	Change
Number of product recalls*	5	4	+25%
IMS value of product pipeline (USD'billion)*	6,7	8,9	-25%

** Data for new and acquired business units has been measured in respect of these KPIs.*

Product recalls

During the year, Imigran injections, Appese tablets and Cilamox syrup were recalled in Australia due to problems with product quality. Subsequent corrective action has been implemented to the safety of these products by changing the tamper-evident seal for Cilamox, changing to an alternate supplier for Appese tablets and the necessary manufacturing process changes have been made by the supplier of Imigran injections to address identified quality issues. Degoran C capsules were recalled in South Africa by Aspen in collaboration with the distributor, due to a problem with the formulation's stability. The product has subsequently been discontinued. Sheladol suspension was recalled in Tanzania due to identified problems with the formulation. Recall procedures for these products have been conducted in a compliant manner and corrective action plans have been implemented to secure customer safety.

Paxil, a GSK product distributed by Aspen in South Africa, Namibia, Lesotho and Swaziland, was recalled following a product safety warning letter received by GSK from the US Food and Drug Administration ("US FDA"). As Aspen is not the applicant for this product, this product recall has not been included in the counted number of product recalls reported above. However, Aspen supported the process by administration of the recall in these territories.

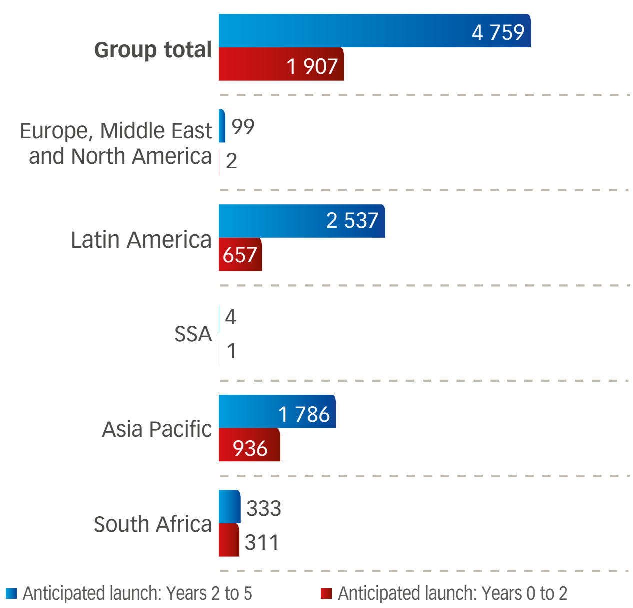
In response to the Group's geographic and product expansion during the year, the Group's quality resources in Ireland and South Africa have been increased to support the establishment and implementation of quality management systems and processes across the expanded supply chain. A Group-wide quality reporting system is in place to record customer complaints and product recalls. This system will be enhanced through the inclusion of additional quality indicators during the next year. Investment has also been made in experienced and qualified medical representatives that have the required specialist product knowledge to provide adequate and responsible support to customers in all territories and therapeutic categories. Customer relationship management objectives and related customer engagement activities receive ongoing focus.

Product pipeline

During the year, products in the product pipeline were evaluated for commercial viability in consultation with business unit business development teams and with reference to the latest available industry intelligence. Through this process, the product pipeline was rationalised by an IMS value of USD3,7 million to represent a more realistic value of future product launches. New molecules to a value of USD2,1 billion were added to the pipeline during the year and USD0,6 million was unlocked through new product launches. In addition, the IMS values of molecules in the pipeline have been updated to reflect the private sector values of equivalent originator molecules as at 31 December 2013. At 30 June 2014, the Group's product pipeline was valued at USD6,7 billion (2013: USD8,9 billion), with 29% of the value expected to be unlocked in two years and the balance in three to five years. The timing of value realisation is dependent on the duration of product registration and commercial validation processes. The actual value realised through product launches will be at a discount to that of the originator molecule presently sold in the market. Furthermore, the impact of market competition and pricing regulations will further influence the realised value at launch date.

During 2014, some notable cardiovascular products were launched in Australia (Candesartan and Crosuva), Brazil (Dopcor) and in Mexico (Acavexal). New products treating the central nervous system were launched in South Africa (Epiproate) and in Venezuela (Esprilex and Topilet). Trustan, a gastrointestinal product, was launched in South Africa.

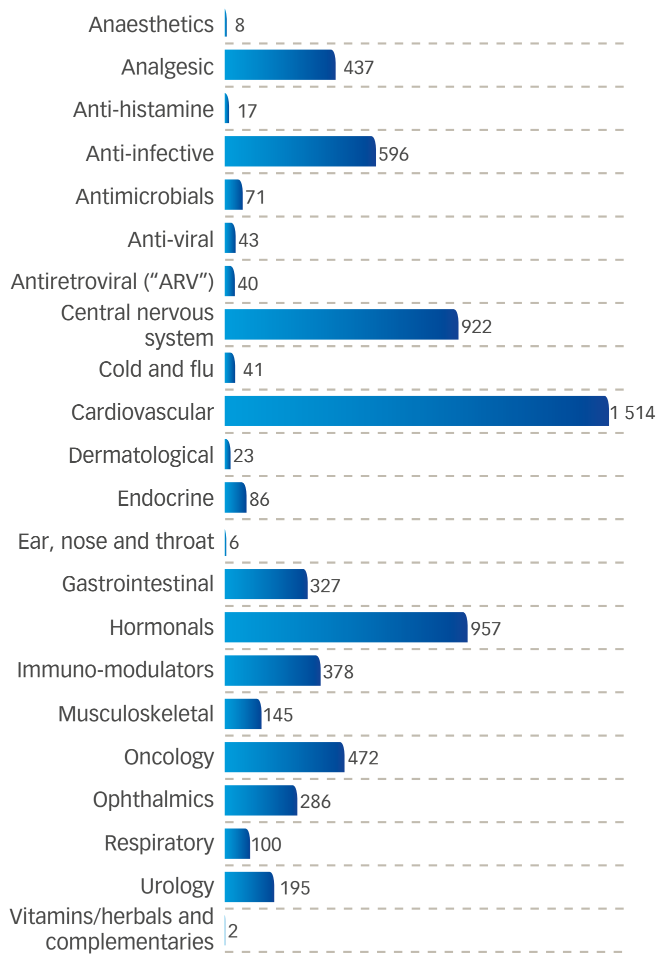
Anticipated timing of product pipeline launch values at 30 June 2014 (USD'million)



The Group extended its relationship with leading global pharmaceutical companies and reached agreement in respect of an option to acquire 11 finished dose form molecules from MSD and two post-patent, specialist molecules from GSK. In addition, Aspen also reached an agreement with Nestlé to acquire the licence rights to the S-26 brand of infant nutritionals in Australia, southern Africa and Latin America. These acquisitions supplement Aspen's organic growth prospects.

Details of Aspen's product pipeline can be found online.

IMS value of molecules in Aspen's product pipeline at 30 June 2014: USD6,7 billion (2013: USD8,9 billion)



Important explanatory notes to the pipeline table:

1 *With the exception of SSA, values stated have been derived from IMS. IMS is an independent measure of the pharmaceutical sector in the respective territories. Public sector tender values have been excluded. The reported IMS values record the annual market value of the molecule for the year 31 December 2013 for the products which were in Aspen's pipeline at 30 June 2014.*

2 *In the absence of IMS data, values for SSA represent Aspen's estimate of the value of the total private sector in SSA per molecule.*

3 *In assessing the potential value to Aspen of the molecule to be launched, the following need to be taken into consideration:*
- (i) *The generic equivalent of an originator molecule trades at a discount to the originator product.*
- (ii) *The entry of generic products to the market will result in greater competition.*

4 *Products have only been included where Aspen has a physical product dossier on hand. Not all products have as yet been submitted to the applicable regulatory authorities.*

Adding economic value to stakeholders

Relevance to the business

The Group strives to pursue strategic objectives that are feasible, responsible and which contribute to accretive returns for its shareholders and business partners over the long term. Growth opportunities are evaluated with reference to:

- the alignment of such opportunities to the Group's business model and risk appetite;
- the projected return on investment;
- cash flow generation capabilities; and
- Aspen's ability to manage the integration of the opportunity into the Group.

The benefits derived from successful value creation by Aspen, is distributed among its key stakeholders including employees, providers of capital, governments and business partners. Sufficient amounts are reserved for reinvestment to fund expansion projects.

Review of 2014 performance

Material KPI	**2014**	2013	Change
Return on ordinary shareholders' equity*	**20%**	18%	
Growth in gross revenue*	**+51%**	+27%	
Growth in EBITA*	**+38%**	+27%	
Growth in normalised headline earnings per share*	**+27%**	+27%	
Value added per employee* (R'000)	**R1 756**	R1 493	+18%

** Data for new and acquired business units has been measured in respect of these KPIs.*

Extract of value added statement

Aspen Pharmacare Holdings Limited Group value added statement

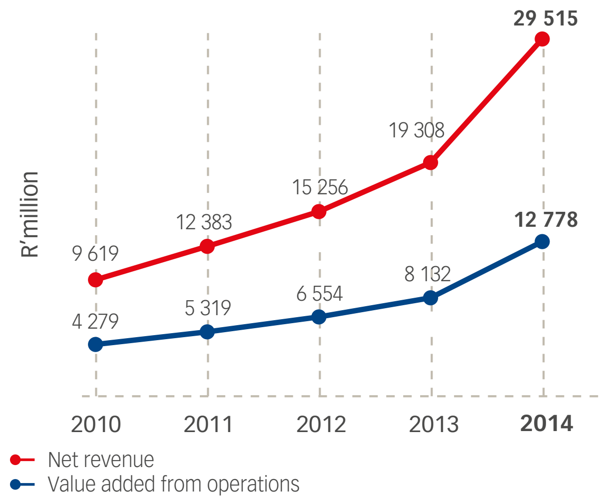
for the year ended 30 June 2014

	Change	**2014 R'million**	**2014 %**	2013 R'million	2013 %
Net revenue					
Net revenue	53%	**29 515**		19 308	
International	242%	**12 725**		3 726	
Asia Pacific	12%	**8 517**		7 590	
South Africa	1%	**7 446**		7 377	
SSA	34%	**827**		615	
Other operating income		**692**		104	
Less: Purchased materials and services	55%	**(17 429)**		(11 280)	
Value added from operations	57%	**12 778**	**98**	8 132	97
Investment income		**278**	**2**	299	3
Total wealth created	56%	**13 056**	**100**	8 431	100
Employees	79%	**4 485**	**34**	2 504	30
Providers of capital	32%	**2 062**	**16**	1 568	19
Finance costs		**1 346**	**10**	853	10
Capital distribution and dividends paid to shareholders		**716**	**6**	715	9
Governments		**1 185**	**9**	1 056	12
Reinvested in the Group	61%	**5 324**	**41**	3 303	39
Depreciation and amortisation		**824**	**6**	550	7
Deferred tax		**211**	**2**	(46)	(1)
Income retained in the business		**4 289**	**33**	2 799	33
Total value distribution	56%	**13 056**	**100**	8 431	100

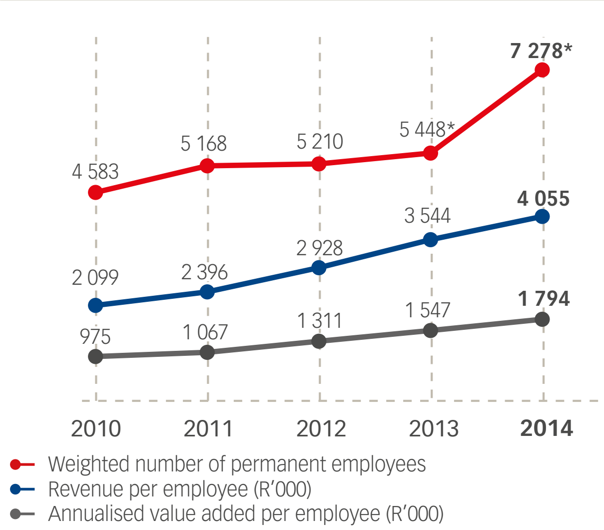
The Group's weighted number of permanent employees during the year comprises 7 278 (2013: 5 448) permanent employees. The number of employees who joined Aspen from acquired businesses during the year has been weighted and included for the number of months since the effective date of acquisition. Comparative information has been amended accordingly.

The detailed value added statement can be accessed online.

Value added from operations



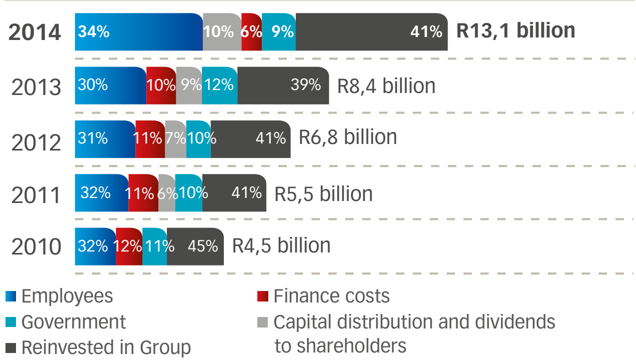
Employee productivity measures



* *Number of permanent employees transferring to Aspen from businesses acquired during the year has been weighted for the number of months following the effective transaction date.*

Value added from operations increased by 57% to R12,8 billion led by another strong performance from the international businesses and through continued optimisation of efficiencies across the supply chain. Average value added per employee increased by 18% to R1,8 million through effective alignment of employee performance objectives and employee development programmes to business unit and Group objectives. In calculating this value and the 2013 comparative, the number of employees that joined Aspen from acquired businesses during the year has been weighted for the number of months following the effective date of transaction. Revenue per employee increased by 14% to R4,1 million and wealth created per employee increased by 16% to R1,8 million. Pharmaceutical pricing regulations in South Africa and Australia have negatively impacted the quantum of revenue growth in these regions.

Total value distribution



Distribution between key stakeholders

More than one-third of annual value added from operations was distributed to the Group's employees through salaries, wages and other benefits.

Gross contributions to central and local governments increased 12% to R1,2 billion and represents the economic contribution Aspen makes to the countries in which it operates. State subsidies received by the Group include capital investment allowances and skills development incentives in South Africa and the Imposto Sobre Circulação de Mercadorias e Serviços, or state value added tax reduction, on imported goods in Brazil granted to locally registered companies that engage in foreign trade activity and invest in capital and technological projects.

In addition to those stakeholders specifically listed in the value added statement, in support of the transformational objectives in South Africa, Aspen also distributed R13,6 million to communities through its SED initiatives; R25 million to support small businesses through enterprise development initiatives; and R341,6 million to emerging suppliers and service providers, including black-owned and black female-owned businesses.

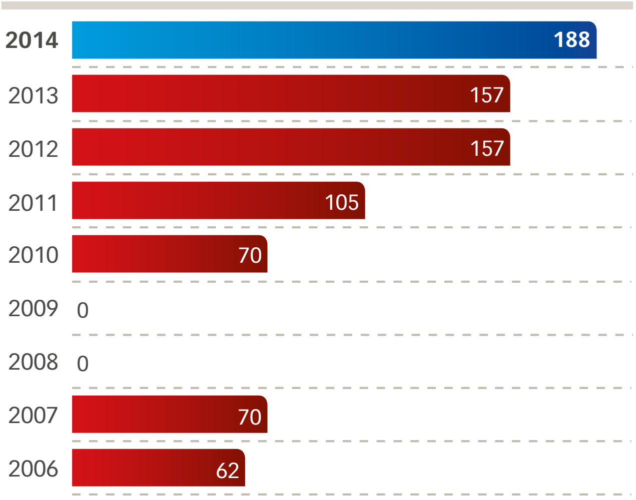
Adding economic value to stakeholders continued

Shareholder returns

The Group's continued share price growth, driven by a trend of positive results and Aspen's proven business model, presents a strong investment case and has benefited long-term shareholders. Over a period of 16 years, the Group has delivered compounded annual growth of 35% in share price, 46% in revenue, 48% in EBITA and 42% in normalised headline earnings per share. At the time of its reverse listing, which was effective on 30 June 1998, Aspen's share price closed at R2,36. An investment in Aspen of R10 000 on 1 July 1998 would have been worth R1 475 912 on 30 June 2014 with a reinvestment of distributions to shareholders. This represents a CAGR of 37% over 16 years.

After considering the Group's cash flow and earnings performance for the past year, existing debt service commitments and future proposed investments, the Board declared a total capital distribution out of contributed tax capital of 188 cents per share (2013: 157 cents).

Distribution to shareholders (cents per share)



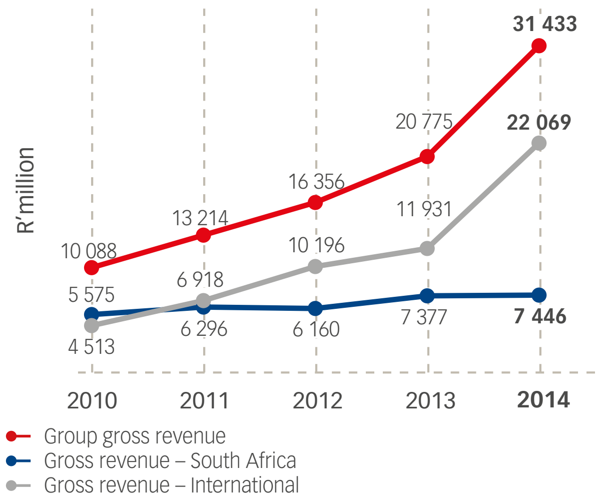
Refer to pages 6 and 7 of the Integrated Report for Aspen's investment case and online for Aspen's 2014 annual results presentation.

Geographic and product diversity to sustain growth

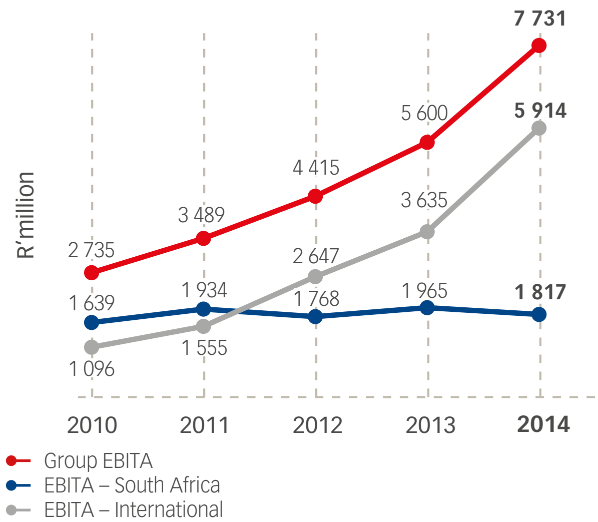
Aspen products reach customers in more than 150 territories with direct representation across more than 50 countries. The Group's geographic diversification objectives have been realised over a number of years through acquisitive transactions and targeted territory expansion projects, starting with a greenfields distribution business established in Australia in 2001.

The Group's internationalisation strategy gained momentum in 2008 with the acquisition of businesses in Latin America and SSA. In 2009, Aspen Dubai was established to reach 14 markets across the Middle East including Algeria, Egypt, Saudi Arabia and the United Arab Emirates. In North Africa, Aspen Nigeria commenced trading in April 2013. Expansion into Asia Pacific commenced in 2011 with the incorporation of Aspen Philippines. Subsequently, Aspen Malaysia and Aspen Taiwan commenced trading in July 2013.

Gross revenue trends

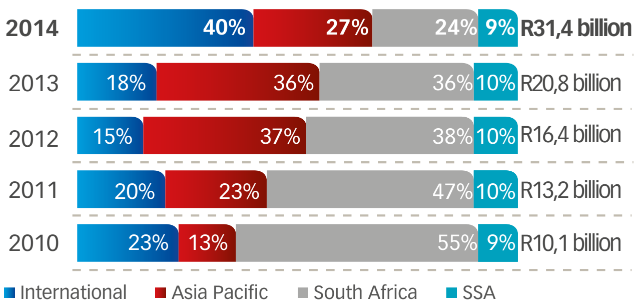


EBITA trends

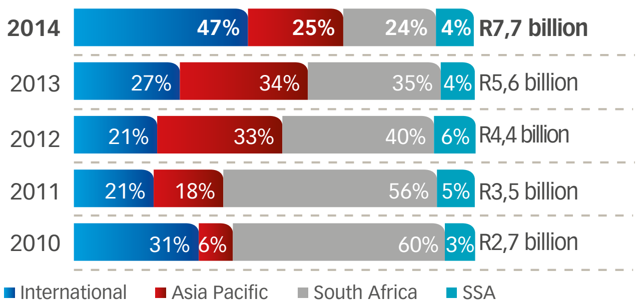


Aspen's expansion has added to its product offering and to its geographic coverage, allowing for diversification of risk from overexposure to any particular country, product or currency.

Geographic diversification for sustainable gross revenue growth (4-year CAGR to 2014 = 33%)



Geographic diversification for sustainable growth in EBITA (4-year CAGR to 2014 = 30%)



During the year, the Group further extended its presence into the emerging pharmaceutical countries (referred to as "pharmerging countries") in South East Asia and Spanish Latin America where the opportunities to leverage Aspen's product portfolio and business model are high. These markets are expected to outperform growth in developed countries.

DEVELOPED COUNTRIES – CAGR 2014 TO 2018	
US	2% to 5%
Japan	1% to 4%
Germany	2% to 5%
France	(2%) to 1%
Italy	1% to 4%
Canada	3% to 6%
Spain	(2%) to 1%
United Kingdom	2% to 5%
Developed	**2% to 5%**

PHARMERGING COUNTRIES – CAGR 2014 TO 2018	
Tier 1*(China)	11% to 14%
Tier 2	10% to 13%
Brazil	13% to 16%
Russia	7% to 10%
India	10% to 13%
Tier 3 (Other)	5% to 8%
Pharmerging	**9% to 12%**

At par with region CAGR · *Lower than region CAGR* · *Higher than region CAGR*

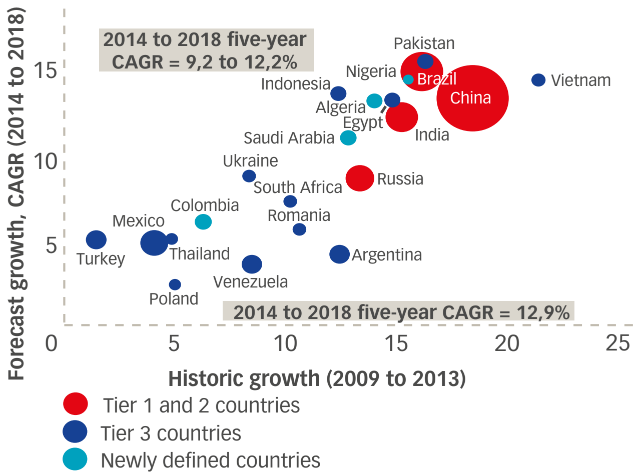
Source: IMS Health Market Prognosis, March 2014. All CAGR calculations are over five years.

According to the March 2014 IMS Market Prognosis, global pharmaceutical countries are expected to grow to USD1,25 trillion in 2018 with the US, China and Japan expected to remain as the highest valued pharmaceutical countries. IMS projects that 50% of the top 20 global pharmaceutical countries in 2018 will represent the pharmerging countries, with Brazil expected to be ranked above France and Germany. CAGRs for the pharmerging countries are expected to be more than double those of developed countries.

Adding economic value to stakeholders continued

Aspen has responded to these indicated prospects by aligning its growth strategy to targeted developing territories and product portfolios which are expected to sustain the Group's value-generation capability.

2009 to 2018: Pharmerging countries growth dynamics



Venezuela and Argentina adapted for their hyperinflation and currency devaluations.

Source: IMS Health Market Prognosis, March 2014, at ex-manufacturer price levels, not including rebates and discounts. Contains audited and unaudited data. Bubble size indicates 2013 constant USD sales. All CAGR calculations are five years.

During 2014, the Group completed a number of material, acquisitive transactions for a portfolio of specialist branded products, APIs and related product manufacturing facilities. The acquired product portfolio included a diverse range of branded medicines targeting female health, cardiovascular and endocrine health from MSD and GSK. A range of well-known infant nutritional products was acquired from Nestlé. These products add to the existing global brands portfolio, which has been instrumental in catalysing Aspen's multi-territory presence since 2008. Through these transactions, the Group is set to extend its footprint into the developed pharmaceutical markets in Western Europe and to increase critical mass in territories such as Latin America and Asia Pacific. It has also facilitated entrance into central and eastern Europe and the CIS. Plans are in place for entry into Japan with branded pharmaceutical products and an assessment is under way exploring the possibility of entering China with an infant nutritionals range.

As part of this expansion, new subsidiaries were either acquired, incorporated or commercialised in a number of developed and pharmerging countries including Germany, Italy, France, the Netherlands, Russia, Japan, the US, Colombia, Costa Rica, Panama, Ecuador, Peru and Chile. In addition to these new subsidiaries, a number of branches and Aspen sales representative offices were established across Europe and in certain CIS member states. The Europe CIS region comprises 50 countries with a population of 800 million people and an estimated IMS value of USD3 billion per annum for the injectable anticoagulant market. Aspen has a presence in 18 of these countries. The Group's anticoagulant portfolio comprises the Arixtra, Fraxiparine and Orgaran portfolios. The Group has a local presence with direct sales representation in 18 countries across this region.

Europe CIS

Europe CIS – 50 countries with 800 million people

European Union mature, Norway and Switzerland

Highly regulated, low growth but high value

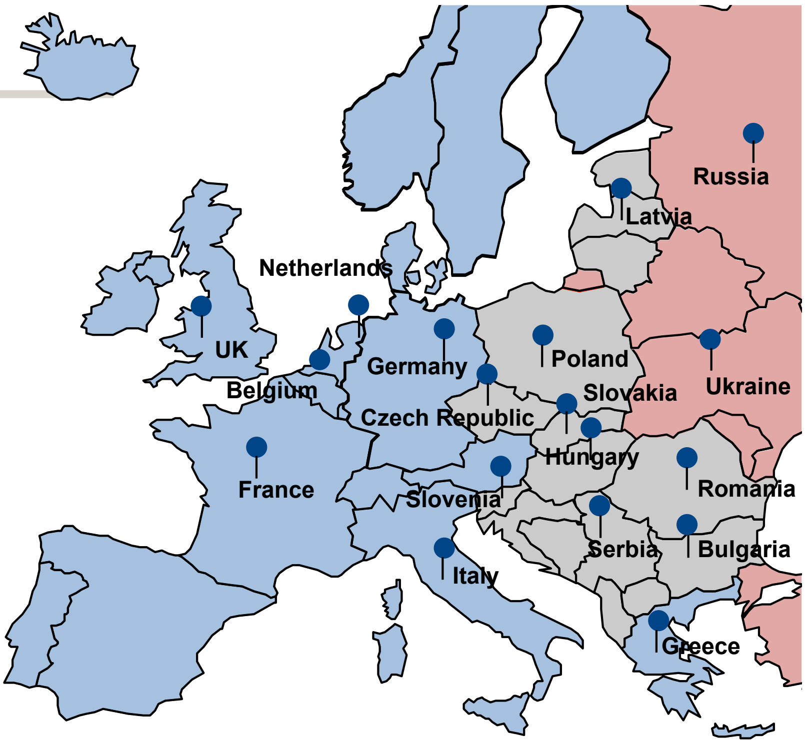
Europe emerging (central and eastern Europe markets)

European Union regulated, low value but growth potential

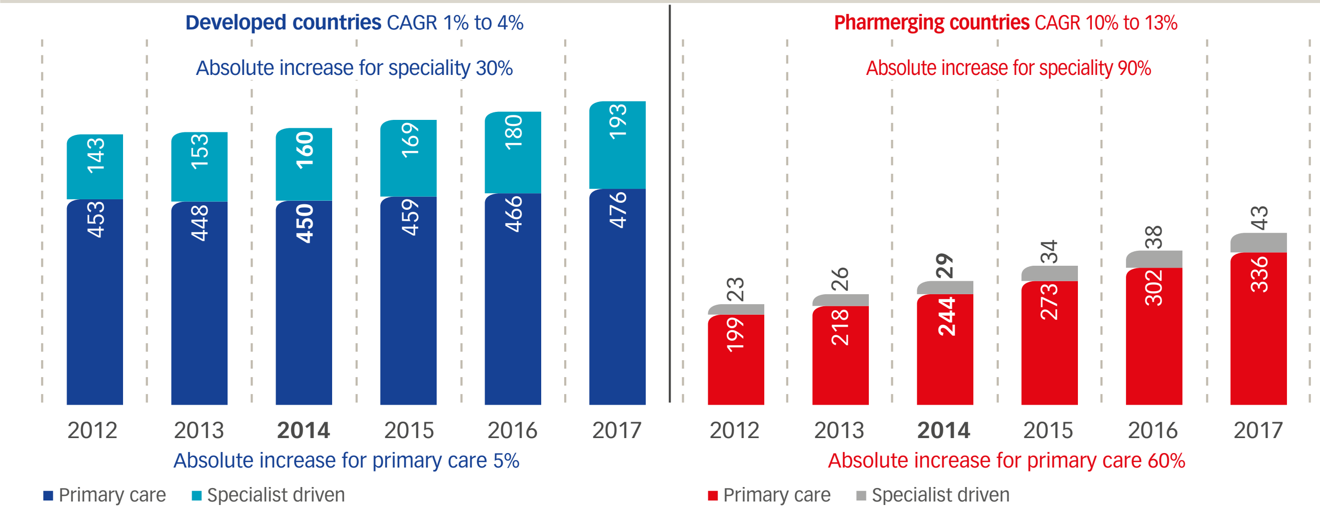
CIS, Turkey

Increasingly protected but high growth potential

Depicts countries in which Aspen has local representation



In developed markets primary care costs are contained and value focus is speciality (sales USD'billion)



Source: IMS Health Thought Leadership, September 2013. CAGR is five years.

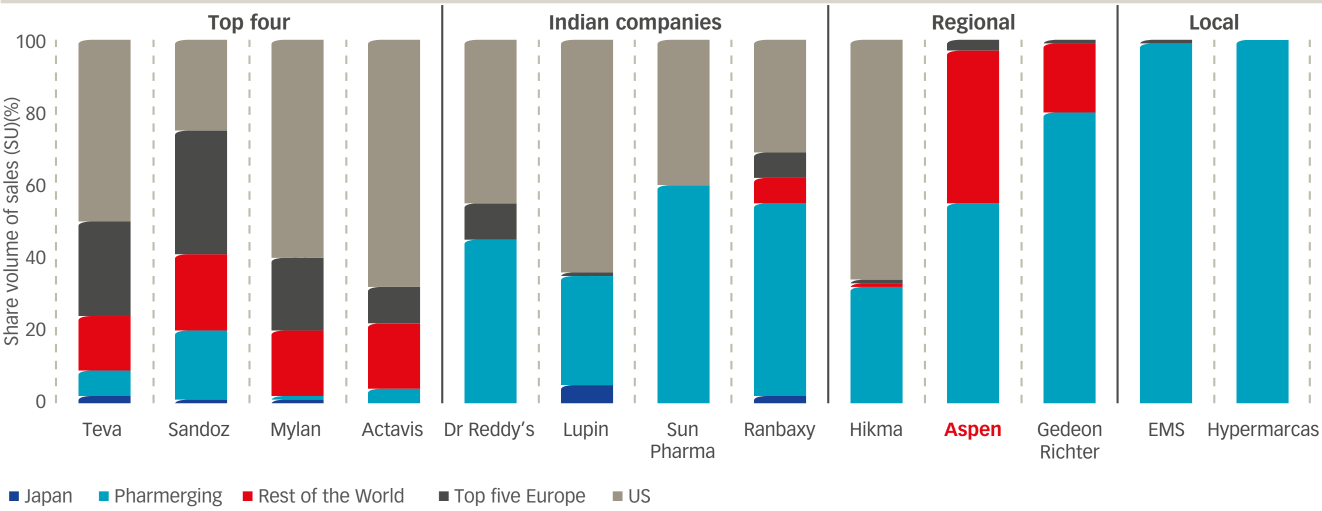
Key transactions concluded during the year are described below and transaction values are as recorded in the Annual Financial Statements:

- with effect from 1 October 2013, Aspen Global acquired an API manufacturing business from MSD's manufacturing facilities in Oss, the Netherlands and a satellite facility in Sioux City in the US, as well as a sales office in Des Plaines in the US for a purchase consideration of EUR31 million, net of cash. In a further transaction, Aspen Global acquired a portfolio of 11 branded finished dose form molecules from MSD, for approximately USD600 million, covering a diverse range of specialist therapeutic areas with effect from 31 December 2013. These transactions extend Aspen's global business, increase its representation across a number of additional territories with a differentiated pipeline and present vertical integration opportunities for several key products;
- Aspen Global acquired the Arixtra and Fraxiparine/Fraxodi brands from GSK for GBP505 million for worldwide distribution except in China, India and Pakistan. The specialised sterile production site at Notre Dame de Bondeville, France, which manufactures these brands, was also acquired through the same transaction at a value of GBP194 million. The commercial operations transferred to Aspen on 31 December 2013 and the site followed on 30 April 2014; and
- Aspen Global and its subsidiaries acquired certain licence rights to infant nutritional intellectual property, net assets including a production facility in Mexico and shares in the infant nutritional businesses in several countries in Latin America from Nestlé with an effective date of 28 October 2013 for a purchase consideration of USD180 million. In addition, Pharmacare acquired certain rights to Nestlé's intellectual property licences and net assets of the infant nutritionals business previously conducted by Pfizer in certain Southern African territories, including South Africa, with effect from 27 January 2014 for USD43 million.

SENS announcements and media releases related to the Group's corporate actions are available online.

As represented in the diagram below, Aspen is well positioned as a global pharmaceutical company that has established a truly global footprint.

Selected top generic pharmaceutical companies – segmental distribution of sales 2013



Source: IMS Health, MIDAS, MAT December 2013. Market segmentation and licensing classification countries for which additional information is available. (Market segmentation not coded and protection not covered excluded.)

Adding economic value to stakeholders continued

A summary of market characteristics, as well as a summary of Aspen's reach, risks and opportunities across key territories, are presented in the table that follows. Refer to the business unit reviews on pages 52 to 73 of the 2014 Integrated Report and to the online 2014 year-end results presentation for an overview of annual performance, industry challenges and growth prospects across Aspen's material geographic segments.

LEADING TERRITORY INDICATORS	ASPEN'S REACH IN THE TERRITORY AT 30 JUNE 2014	RISKS AND OPPORTUNITIES
South Africa		
Population: 53 million Gross Domestic Product ("GDP") value: USD351 billion IMS value of total pharmaceutical sector: USD2,8 billion Global IMS ranking of pharmaceutical sector: 31st Healthcare expenditure per capita: USD645	Number of permanent employees (including the South African facilities): 3 197 Sales representatives: 268 Number of stock keeping units ("SKUs") sold in South Africa: 1 395 Number of SKUs sold in export territories: 1 107	**Risks** ➤ Margin pressure – single exit price increases have not adequately covered input costs and currency volatility impacting cost of goods ➤ Regulatory uncertainty with pending logistics fee and international benchmark regulations ➤ The cost of doing business is increasing exponentially ➤ Erratic demand for public sector products has impacted working capital **Opportunities** ➤ Aspen is South Africa's leading pharmaceutical company and has the largest sales representation in South Africa ➤ Increased access to medicines ➤ Socio-economic and healthcare legislation favour volume growth for affordable generics ➤ Through vertical integration and scale of sales units, the Group is able to respond to pricing risks ➤ A strong cash-generating business unit
Sub-Saharan Africa		
Population: 836 million (Nigeria: 174 million) GDP value: USD1,2 trillion (Nigeria: USD523 billion) IMS value of total pharmaceutical sector: Not available Global IMS ranking of pharmaceutical sector: Not ranked Healthcare expenditure per capita: USD95 billion	**East Africa** Number of permanent employees: 333 Sales representatives – Aspen: 140 Number of SKUs sold: 497 **The GSK Aspen Healthcare for Africa Collaboration and Aspen Nigeria** Number of permanent employees: 11 Number of sales representatives: 508 Number of SKUs sold: 2 946	**Risks** ➤ Political instability, currency volatility and fragmented markets which pose a challenge to achieving critical mass in any one territory **Opportunities** ➤ Aspen, in collaboration with GSK, has the largest sales representation in the region ➤ High unmet need for medicines ➤ A high-growth future pharmerging market ➤ Socio-economic factors favour affordable generics in this region ➤ Aspen's product portfolio is suited to specific disease profiles in this region ➤ Aspen has already established a presence in the private sectors across key territories in East Africa through the well-recognised Aspen-Shelys brand and across multiple territories through the GSK Aspen Healthcare for Africa Collaboration

LEADING TERRITORY INDICATORS	ASPEN'S REACH IN THE TERRITORY AT 30 JUNE 2014	RISKS AND OPPORTUNITIES

Asia Pacific

Australia Population: 23 million GDP value: USD1,6 trillion IMS value of total pharmaceutical sector: USD13,9 billion Global IMS ranking of pharmaceutical sector: 12th Healthcare expenditure per capita: USD6 140	Number of permanent employees: 743 Number of sales representatives: 194 Number of SKUs sold: 2 233	**Risks** ➤ Low population growth with established access to medicines ➤ Pharmaceutical Benefits Scheme price cuts and growing competition restricting value growth **Opportunities** ➤ Aspen has established strong credibility in Australia ➤ Aspen offers a comprehensive basket of products to the private sector ➤ Provides a gateway to access high-growth pharmerging countries in Asia

Latin America

Brazil Population: 200 million GDP value: USD2,2 trillion IMS value of total pharmaceutical sector: USD26,2 billion Global IMS ranking of pharmaceutical sector: 7th Healthcare expenditure per capita: USD1 056	Number of permanent employees: 358 Number of sales representatives: 123 Number of SKUs sold: 136	**Risks** ➤ Fragmented market posing a challenge to gaining critical mass and identification of feasible acquisitive growth opportunities ➤ Strong domestic participation in industry ➤ High cost of doing business in this country **Opportunities** ➤ A high-growth pharmerging country with a preference for brands ➤ Aspen has an established business model and infrastructure appropriate for the territory

Adding economic value to stakeholders continued

LEADING TERRITORY INDICATORS	ASPEN'S REACH IN THE TERRITORY AT 30 JUNE 2014	RISKS AND OPPORTUNITIES
Latin America continued		
Mexico Population: 122 million GDP value: USD1,3 trillion IMS value of total pharmaceutical sector: USD9,7 billion Global IMS ranking of pharmaceutical sector: 15th Healthcare expenditure per capita: USD618	Number of permanent employees: 642 Number of sales representatives: 111 Number of SKUs sold: 192	**Risks** ➤ Regulatory changes present a challenge to gaining critical mass and continuity of product supply **Opportunities** ➤ Acquisition of female health products from MSD will support Aspen's growth in this targeted therapeutic category ➤ Transfer of selected products from third-party suppliers to Aspen-owned sites in Mexico will enhance security of supply for leading OTC brands ➤ Performance upliftment in the infant nutritional business acquired from Nestlé which has lost share in the sector in recent years ➤ Realisation of synergies in conjunction with the Group's other infant nutritional businesses ➤ Potential to consolidate pharmaceutical manufacturing at the Vallejo site and to develop this facility as a regional producer
Venezuela Population: 30 million GDP value: USD438 billion IMS value of total pharmaceutical sector: USD6,2 billion Global IMS ranking of pharmaceutical sector: 18th Healthcare expenditure per capita: USD593	Number of permanent employees: 170 Number of sales representatives: 44 Number of SKUs sold: 113	**Risks** ➤ Sovereign and fiscal volatility in Venezuela **Opportunities** ➤ Good growth prospects for branded products including Aspen's portfolio of nutritional products

LEADING TERRITORY INDICATORS	ASPEN'S REACH IN THE TERRITORY AT 30 JUNE 2014	RISKS AND OPPORTUNITIES
Rest of the World		
European Union Population: 334 million GDP value: USD12,8 trillion IMS value of total pharmaceutical sector: USD202 billion Global IMS ranking of pharmaceutical sector: Approximated regional ranking per combined IMS sales value for representing countries is second behind the US Healthcare expenditure per capita: USD3 884	**European Union and CIS** Number of permanent employees: 2 455 Number of sales representatives: Approximately 350 dedicated Aspen sales representatives plus a further 40 contractors promoting Aspen products in the Europe CIS region Number of SKUs sold: 2 108	**European Union** **Risks** ➤ High cost of operating in Europe impacting operating profit margins ➤ Pharmaceutical pricing regulations impacting continued feasibility of selected product portfolios ➤ Diverse regulatory requirements across developed markets **Opportunities** ➤ Room for revenue growth in the market for injectable low-molecular weight heparins ➤ Dedicated commercial teams focused on growing the recently acquired thrombosis portfolio leveraging the Group's strength of sourcing and supply chain capabilities vested in Aspen Global for the promotion of global brands across this region ➤ The acquisition of specialist manufacturing facilities in the Netherlands and France further extends Aspen's vertical integration capabilities to effectively manage product cost competitiveness and sustained supply of critical medicines ➤ Aspen's technical centre in Ireland is capable of managing the complex regulatory requirements for key territories, thereby setting a strong compliance platform for pursuit of commercial growth opportunities ➤ The acquisition of selected businesses and products from GSK and MSD supports the Group's growth objectives across Europe
CIS Population: 230 million GDP value: USD2,6 billion IMS value of total pharmaceutical sector: USD 17 billion Global IMS ranking of pharmaceutical sector: 11th Healthcare expenditure per capita: USD645		**CIS** **Risks** ➤ Government enforced pricing pressures in CIS ➤ Diversity of regulatory requirements across key territories in the CIS requiring more sophisticated regulatory intelligence **Opportunities** ➤ CIS are high-growth markets for the acquired thrombosis products

Notes to the table
Source for healthcare expenditure per capita (2012), GDP and population size data: www.worldbank.org.

IMS values and rankings are reported as at 31 December 2013. IMS sales values have been combined for the European Union countries (region ranked second overall).

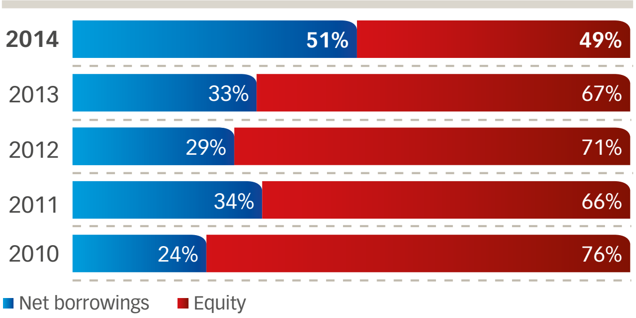
These regional values are not specifically ranked by IMS and therefore the approximated ranking has been included based on IMS sales value. The IMS country rankings have not been adjusted to include these combined regions and reflect the IMS rankings as at 31 December 2013.

Maintenance of financial health

Relevance to the business

Business activities are strongly focused on the sustained generation of targeted profit levels and optimising the conversion of profits into cash flows to fund future growth opportunities, business costs and shareholder distributions. The Group favours raising required capital through debt facilities over issuing of equity in order to uphold shareholder value. To this end, good relationships have been fostered with providers of financial capital and committed processes are in place to ensure that the Group is able to service its debt obligations comfortably.

Capital composition (%)



A treasury risk management approach is used across the Group. The treasury function makes recommendations to the Treasury Committee which discusses and approves funding decisions within its mandate, referring decisions to higher authorities as specified in the approvals framework. Aspen Global independently manages its own treasury function and that of its subsidiaries. At a business unit level, treasury considerations are built into monthly cash flow reporting and debt or funding ratios. Borrowings are grouped into currency-denominated debt pools that match the related cash flows to mitigate against currency mismatches. Standard product costs are set on an annual basis across the manufacturing facilities in accordance with expected costs of procurement and manufacture, and budgeted exchange rates. The Group takes out forward cover for each confirmed materials purchase in South Africa and, as appropriate, in Australia. The adequacy of this treasury policy is monitored on an ongoing basis with reference to material movements in the South African and Australian currencies.

Review of 2014 performance

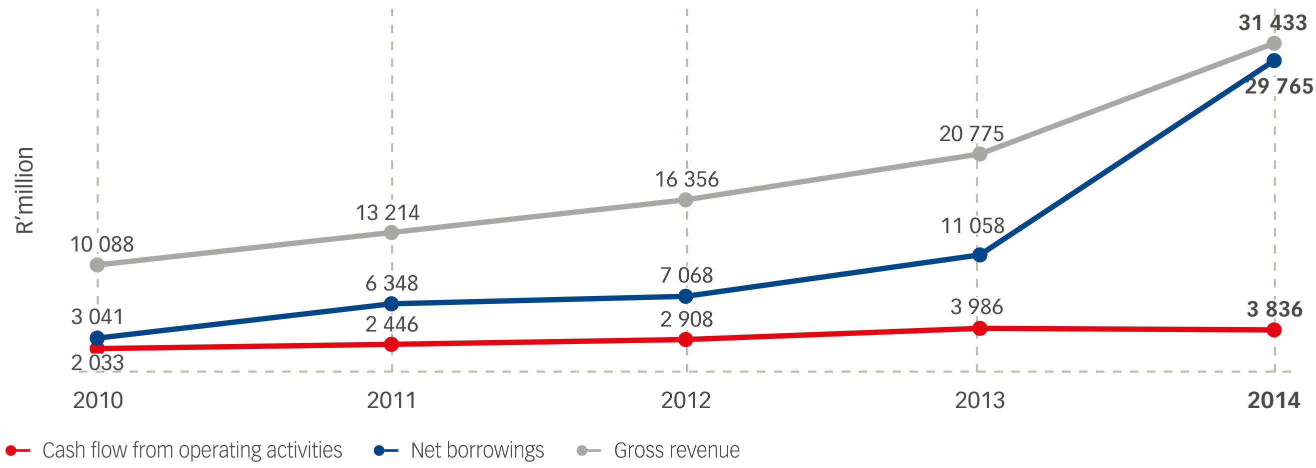
Material KPI	2014	2013	Change
Operating cash flow per share*	**841 cents**	875 cents	-4%
Net interest cover*	**7 times**	10 times	-20%

** Data for new and acquired business units has been measured in respect of these KPIs.*

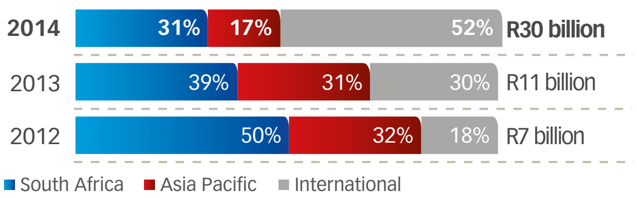
The Group's investment in working capital increased by 13% to R13 billion. Movements in working capital were influenced by acquisitions which represented 53% of the closing balance at year-end at a value of R6,9 billion, mainly comprising high levels of API inventory necessitated by the production cycle at the Aspen Oss and Aspen NDB sites. Opportunities exist to reduce the inventory levels in future. In addition, the structure of acquisition transactions resulted in a once-off increase in accounts receivable balances. This additional investment in working capital contributed to the dilution in operating cash flow per share by 4% to 841 cents. Cash flow generation in existing businesses was good – working capital as a percentage of revenue was 37% including the impact of acquisitions, and 29% excluding acquisitions (2013: 27%).

Borrowings increased by 2,7 times to R29,8 billion to fund investments in new subsidiaries and businesses during the year at a value of R19,8 billion and capital investment projects to the value of R2,0 billion. During the year, the Group disposed of non-core products for a consideration of R1,1 billion of which R0,9 billion was realised in cash. Subsequent to year-end, Aspen Global entered into an agreement with Mylan Limited for the disposal of commercial rights for Arixtra and the authorised generic in the US for USD300 million. This transaction was entered into as a consequence of the Group's absence of sales representatives in the US.

Debt, liquidity and revenue trends



Debt pool composition



The Group's borrowings continue to be managed through currency-denominated debt pools for effective management of currency risk and cash flow risk. Interest rates are mostly linked to BBSY, LIBOR and JIBAR for the respective debt pools.

Sustaining a cost-competitive manufacturing base

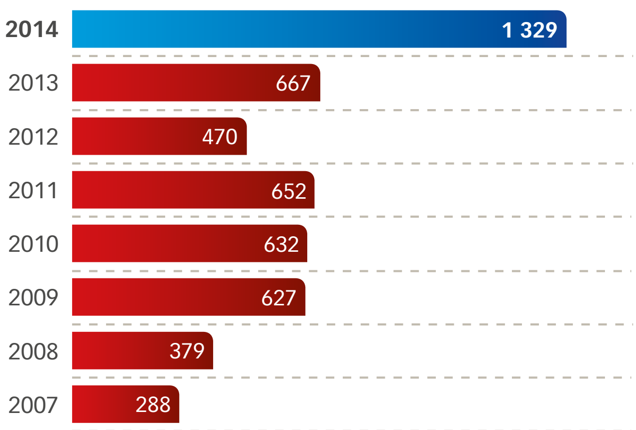
Relevance to the business

Aspen is committed to supplying high quality products at affordable prices across all geographies. To this end, the Group's production facilities present a breadth of manufacturing capabilities and capacities that are aligned to the Group's current and future commercial objectives. By owning its strategically important manufacturing capital, Aspen is able to better manage its product quality, production efficiencies and cost competitiveness to ensure responsive management of the supply chain. This, in turn, supports the maintenance of healthy Group EBITA margins. Where outsourcing manufacture of selected product ranges to accredited third-party manufacturers is evaluated to be more feasible, supply chain and quality control processes are implemented to manage this supply relationship in alignment with the Group's overall supply strategy. There is a strong focus on continuous improvement projects to enhance production efficiencies and optimise economies of scale. These also include initiatives aimed at enhancing employee safety and responsible environmental management practices.

All supplied products are manufactured at facilities that have been approved for compliance by relevant regulatory authorities for supplied territories. Quality control and quality assurance procedures are stringently applied and adherence is monitored to uphold product quality.

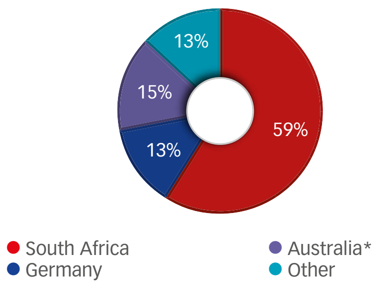
The South African sites, centred in Port Elizabeth, represent 60% of the Group's tablet manufacturing capacity. Aspen's ongoing investment in its world-class manufacturing hub in South Africa has contributed positively to the financial security and development of its employees. Over the last eight years, the Group has invested more than R5,0 billion to expand, upgrade and refurbish its manufacturing facilities, largely related to facility investment projects at the South African sites. A further R2,2 billion has been contracted or authorised for 2015.

Investment in property, plant and equipment (R'million)



This investment has enabled the export of products from the South African facilities to reduce reliance on volumes from the South African business. The number of SKUs exported to international territories represents 20% of total volumes produced at the South African finished product facilities. Additional volumes for selected international markets are in the process of being introduced to the Port Elizabeth site.

Analysis of Group tablet-making capacity 2014: 19,8 billion tablets



** The Baulkham Hills (0,8 billion tablets) and Nobel Park (0,1 billion tablets) facilities are scheduled to be closed by December 2015.*

Details of the Group's manufacturing capabilities are available on pages 50 and 51 of the 2014 Integrated Report.

Review of 2014 performance

Material KPI	2014	2013	Change
Return on total assets*	**13%**	16%	-19%
EBITA margin %*	**25%**	27%	-7%

** Data for new and acquired business units has been measured in respect of these KPIs.*

Refer to pages 46 to 49 of the Financial Review in the 2014 Integrated Report for a synopsis of the Group's financial performance for the year under review.

In March 1999, Aspen acquired the South African Druggists business which included South African facilities in Port Elizabeth, East London and Johannesburg. Today, the Group owns 26 manufacturing facilities across South Africa, Germany, Australia, France, the Netherlands, Brazil, Mexico, Kenya and Tanzania. During the year, Aspen acquired MSD's API facilities in the Netherlands and US (effective 1 October 2013), GSK's finished dose sterile manufacturing site in France (30 April 2014) and Nestlé's infant nutritionals and pharmaceutical manufacturing site in Mexico (28 October 2013). The addition of these facilities extends the Group's manufacturing capabilities to include the production of biochemical products and anti-coagulants while enhancing vertical integration opportunities for specialist APIs and nutritional products.

Aerial view of Aspen's manufacturing hub in Port Elizabeth including depiction of the new facilities which are in the process of construction

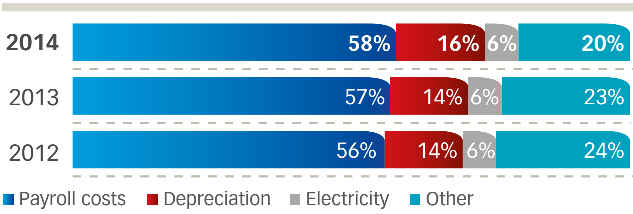
1 Unit 1: Oral solid dose
2 Unit 2: Oral solid dose
3 Unit 3: General facility
4 Unit 4: High containment facility (in construction)
5 Sterile warehouse
6 Sterile facility 1: Multi-product and hormonal suites
7 Sterile facility 2: Prefilled syringes and other specialised sterile products (in construction)
8 Technical centre

South Africa

The construction of the high-containment facility in Port Elizabeth will further extend Aspen's oral solid dose manufacturing capability to the production of high-potency products. These will be manufactured in the segregated hormonal and oncolytic suites once construction is completed in 2015. The current steriles facility in Port Elizabeth is being upgraded for the manufacture of Sustanon and Deca Durabolin, acquired from MSD, which are being transferred to the site. Construction has commenced on a second sterile facility that will have the capability to manufacture low-molecular weight heparin prefilled syringes. Further upgrades are being made to the Unit 3 packing facility with new air-handling systems, fittings and finishings, which are expected to be installed by May 2015. Facility expansion projects at FCC are progressing in accordance with plans. This is in line with the strategy to achieve greater vertical integration of this site with the Group's requirement for specialist APIs, which are used in the manufacture of selected global brands.

Despite inflationary pressures, the South African manufacturing sites have maintained a cost-competitive base through focused continuous improvement projects, innovation and sound procurement practices. Production efficiencies have been improved through a number of initiatives aimed at the reduction of set-up times, run rates and end-of-line manual handling. The site continues to adopt innovative technology and was one of the first in South Africa to introduce bi-layer tableting technology, which is used in the production of triple combination tablets.

Allocation of conversion costs at the South African facilities



Aspen remains a leading supplier to the South African ARV and oral solid dose public sector tenders. However, uncertainty regarding the timing and quantum of actual offtake volumes makes servicing of these tenders challenging.

Australia

The factory rationalisation plans are progressing in accordance with expectations and continue to receive high priority by management. During the year, decontamination procedures were completed at the penicillin manufacturing facility at Croydon and the site was subsequently sold. The closure of the Baulkham Hills and Noble Park sites is expected to be completed during the next year. In the interim, product transfer projects are in progress to relocate product manufacture from Baulkham Hills to the Group's Dandenong or Port Elizabeth sites or to accredited third-party suppliers, under contract manufacturing arrangements.

A number of initiatives have been implemented at the Dandenong site resulting in improved cost efficiencies. Third-party manufacturing contracts have also been secured to optimise economies of scale at this site.

Other territories

A number of global brands are currently manufactured at Aspen Bad Oldesloe in Germany and the site is well positioned to adapt to flexible market requirements. Several technical transfer projects are in progress for the introduction of selected new products, acquired from MSD, to this facility. Continuous improvement projects are in place to reduce costs and source additional suppliers for strategic materials.

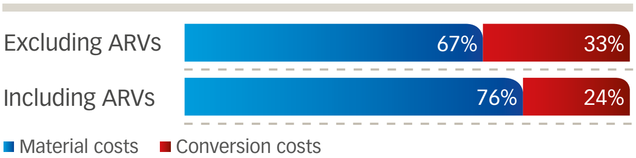
Business integration plans at the recently acquired sites in the Netherlands, France and in Mexico are progressing in accordance with expectations. In the first year, the integration of financial reporting systems, product costing methodologies and supply chain systems have been prioritised with the synergistic benefits expected to be realised from 2016 onwards.

The manufacturing strategies in Latin America and East Africa continue to be refined to leverage local manufacturing capabilities in these regions.

Procurement and supporting transformation in the South African supply chain

Group procurement is an area which has received a significant amount of focus for improved efficiencies, particularly at the South African operations where the cost of production materials represent close to 70% of total production costs.

Allocation of production costs at the South African sites



In South Africa, Aspen's raw materials are largely purchased from accredited suppliers in the East as local sources of supply are not available for these products. Packaging material is procured mostly from South African suppliers to the extent that quality and cost requirements are met. Ninety-seven percent of Aspen's total qualifying procurement spend in South Africa is with BBBEE suppliers, exceeding the Department of Trade and Industry's target level of 70%.

Healthcare. We Care.

Creating an environment in which our employees can thrive

Relevance for the business

Aspen's employees represent a wealth of human and intellectual capital in the form of technical and commercial skills and experience. Supporting the overall good health and well-being of employees enables increased motivation and optimal performance of responsibilities. In turn, these aspects contribute to the overall effectiveness of the organisation.

Attracting, retaining and developing employees

The Group's continued success depends on attracting and retaining candidates that demonstrate the commitment, integrity, diligence and aptitude to thrive in Aspen's dynamic environment. All employees are given equal opportunities for development, advancement and promotion, without prejudice, based on measured performance.

The Group's Human Resources department implements specific interventions to retain and develop skills and expertise which are in short supply in the pharmaceutical industry. These include pharmacists, engineers, regulatory personnel, sales representatives and commercial specialists. Retention plans are in place for key functional managerial and technical staff and for identified high potential candidates. Under the direction of the Group Human Resources Executive, the Group Human Resources department develops and monitors the employee management strategy, related policies and effectiveness of training programmes. Decentralised human resources structures are in place at business unit level and are responsible for implementation of policies in alignment with the Group's employee management protocols and with relevant in-country labour legislation.

To promote continuity in business leadership, the Remuneration & Nomination Committee monitors the adequacy of succession plans for the Company's executive directors and senior executives. Succession plans are also in place for key business unit executives and managers and the adequacy of these succession plans is monitored by the responsible regional executives. Leadership development programmes have been initiated to groom identified high potential candidates and future business leaders.

Managing staff performance to create value

Employee performance, throughout the Group, is managed through formal key performance appraisal ("KPA") programmes. Annual employee performance objectives and targets are set in alignment with business unit and Group objectives. Progress is measured bi-annually for affected employees with their direct line managers. The employees' developmental objectives and career aspirations are also discussed and assessed through a consultative process. During the year, KPAs were conducted for 71% of permanent employees in the Group, including employees at the recently integrated business units in Europe and Spanish Latin America. Annual salary increases and performance bonuses are based on the results of the KPA process and other business management factors.

The Remuneration & Nomination Committee monitors remuneration and reward structures to ensure that employees are compensated with competitive salary and benefit schemes. Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions and, where applicable, are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils.

The Group has a zero-tolerance approach to unethical practices and misconduct. Adherence to the Group's Code of Conduct is monitored across the Group by management and by Regional Ethics Officers through the established ethics management process.

Flexible working arrangements are available to employees, subject to approval, under specific circumstances. To this end, a formal policy is in place for the South African business and can be accessed by employees on the intranet.

Investing in employee development

Business unit managers are responsible for the implementation of appropriate and effective training programmes and systems to ensure that employees are given the development tools to align their career development with future business needs. Functional technical training, product awareness training, compliance training and continuing professional development training interventions are implemented on an ongoing basis to facilitate employee competence. On-the-job training, mentoring and coaching also takes place in the workplace. The Group Human Resources department supports and monitors the effectiveness of applied training and development processes which are conducted internally and through external service providers. Financial assistance in the form of bursaries is also available to employees who meet the selection criteria.

Respecting employee rights

Human resources, industrial relations and legal compliance frameworks are in place to uphold employee rights and ensure compliance to labour legislation.

Grievance procedures are in place and communicated to employees at each business unit. During the year, the South African Grievance Policy and Procedures were shared with other business unit human resources representatives to serve as a template for adaptation and implementation, as appropriate, at business unit level. The Group Human Resources department will monitor progress of implementation to completion. A Group Employee Grievance Policy is in place and can be accessed online.

Aspen respects and upholds the rights of employees, across all business units, to belong to trade unions and collective bargaining units without restriction. At year-end, approximately 24% of the Group's employees were members of a trade union and 26% of employees were represented by collective bargaining units. Site human resource managers and site executive management are responsible for effective management of relationships with trade unions, a key stakeholder group. Through the committed application of constructive engagement processes applied during the year, no strike action was experienced at any one of the Group's manufacturing facilities during the year and consequently no production days were lost.

Material operational changes that impact staff are communicated to the employee trade unions, as necessary, within the legislated timeframes which vary across the territories. In all instances, employees are given sufficient time to consider the impact of these changes and to engage with management on potential matters of concern through the appropriate communication channels.

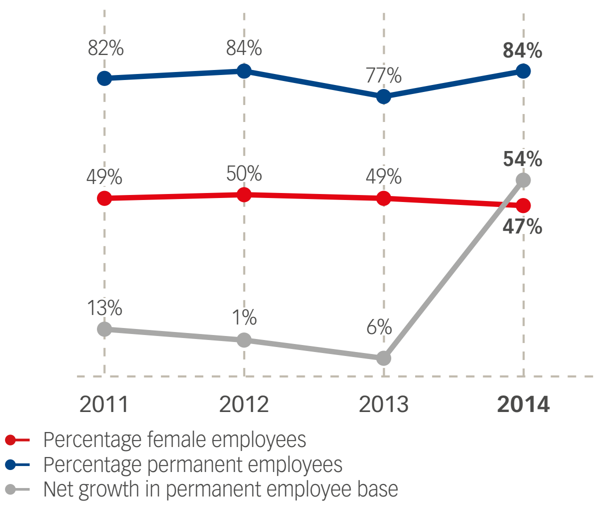
Review of 2014 performance

Material KPI	2014	2013	Change
Average staff turnover*	**13%**	14%	-1%
Average training spend per employee**	**R3 477**	R3 344	+4%

* *Data for new and acquired business units has been measured in respect of these KPIs.*

** *This indicator has not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5.*

Group employee trends



Integration of employees in new business units

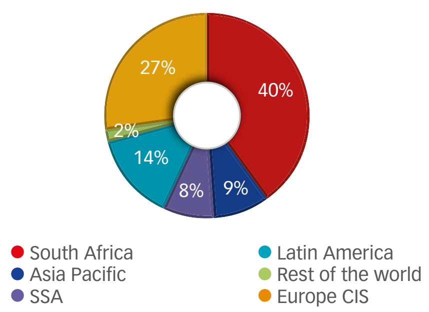
In March 2014, the first Group human resources conference was held in Durban, South Africa. The objective of this conference was to align business unit human resources policies, procedures and priorities with the Group's employee management strategy. This forum presented a good opportunity for integration of human resource functions at the new and acquired business units which added close to 2 700 employees to the Group. Human resources integration programmes were implemented and focused on:

- the harmonisation of employment terms and conditions;
- a review of remuneration and benefit structures;
- required negotiations with the relevant works councils;
- induction programmes to welcome and introduce employees to Aspen's business; and
- initiation of a process to harmonise human resource policies and practices across all businesses through the evaluation of applicability and suitability of Group policies to these businesses.

Human resources representatives from business units across the Group attended the first Group human resources conference, hosted in Durban, South Africa

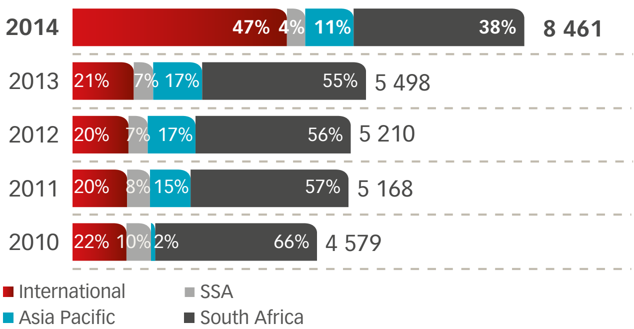
During the 2014 financial year, the Aspen team has grown by 41% to 10 119 permanent and temporary employees, of which 84% are permanently employed and 47% are female.

Aspen's total permanent and non-permanent employees per geographic segment as at 30 June 2014: 10 119 employees (2013: 7 177 employees)



Creating an environment in which our employees can thrive continued

Total number of permanent employees and percentage of permanent employees per geography



A Global Employee Engagement Survey was conducted in October 2013 to measure the level of employee engagement. The survey was completed by 5 075 employees out of a sample of 6 669 employees. An employee engagement score of 65%, which is above the general global employee engagement score of 56%, was achieved. Each business unit has identified action plans to address areas requiring Improvement. The implementation of the improvement actions by business units is being monitored by the Group Human Resources department.

Employee movement 2014

	Group	International	Asia Pacific	South Africa	SSA
Number of employees at 1 July 2013	7 177	1 307	953	4 060	857
Appointment of new employees	4 480	3 568	194	570	148
Termination of employment contracts	(1 486)	(525)	(183)	(554)	(224)
Transfer between business segments	–	(1)	–	1	–
Retirements	(35)	(4)	(3)	(24)	(4)
Medical retirements	(7)	–	(1)	(4)	(2)
Deaths	(10)	(1)	–	(8)	(1)
Total Group employees at 30 June 2014	**10 119**	**4 344**	**960**	**4 041**	**774**
– Percentage of permanent employees	84%	92%	94%	79%	44%
– Percentage of temporary employees	16%	8%	6%	21%	56%
– Percentage of total male employees	53%	57%	52%	45%	70%
– Percentage of total female employees	47%	43%	48%	55%	30%

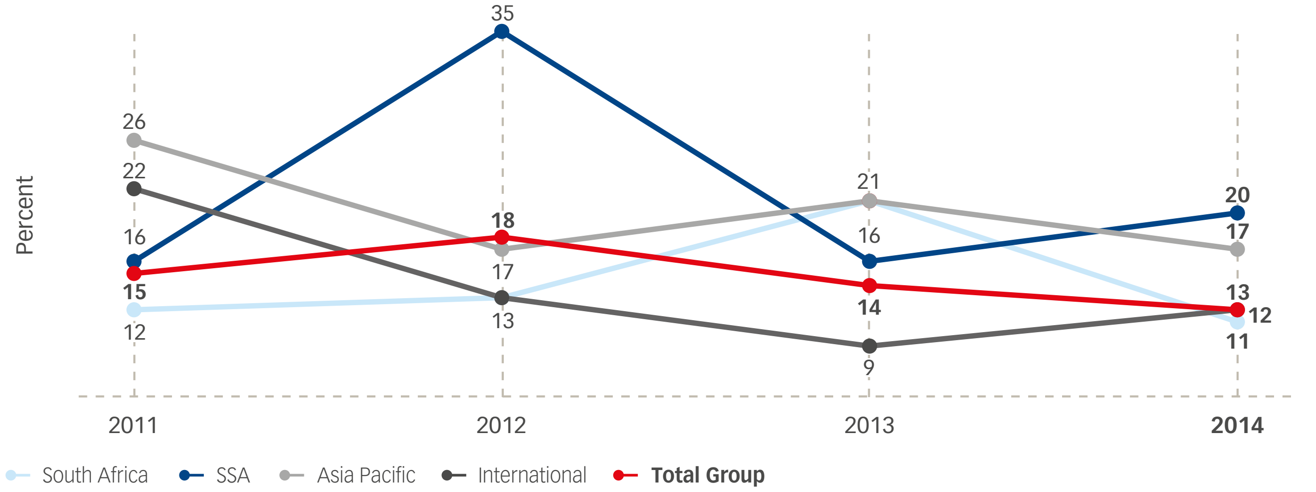
The Group's average staff turnover improved to 13%, from 14% in 2013. This included an apportionment of employee movement in the new business units since integration. Appointment of new employees includes a total of 2 655 permanent employees that were added to the Group following the integration of acquired businesses in Europe and Spanish Latin America.

The staff turnover data was benchmarked against available metrics in each territory to identify reasons for employee resignations and to address these root causes, as appropriate, in support of retaining and developing staff. The competitiveness of remuneration packages was re-evaluated in Latin America and in the Asia Pacific businesses and adjustments have been made where feasible. Focused training initiatives have also been implemented to develop continuity of employee experience and commercial competence in these businesses.

Thirty-five employees retired during the year and Aspen acknowledges the value these individuals have added to the Group during their tenure.

During the year, four permanent employees in the international business units were transferred to other business units within the Group and one such employee was transferred to South Africa.

Permanent employee turnover ratios



In total, 112 employees were retrenched during the year with 65 of these retrenchments taking place in Aspen Australia. The manufacturing site rationalisation programme in Australia is in progress and is expected to be completed in the next year.

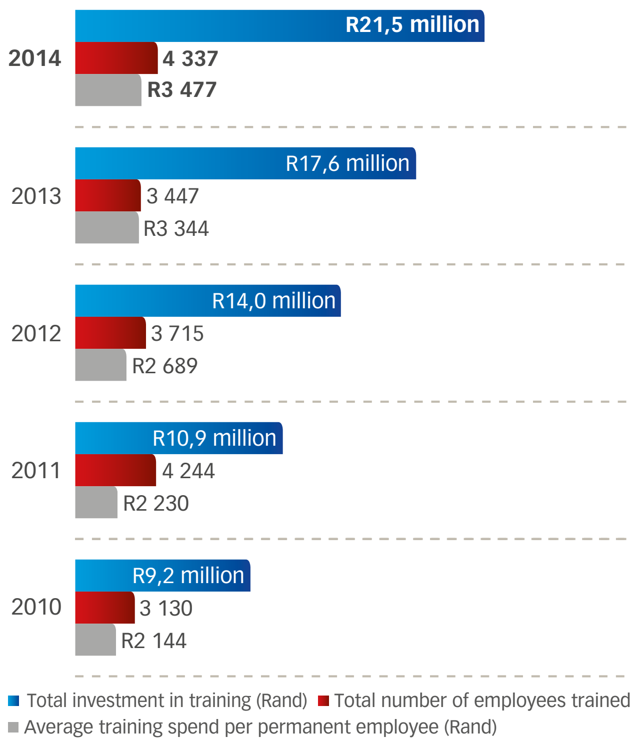
Measures are in place to mitigate the negative impact of restructuring and employee engagement programmes are being implemented to maintain morale. A smaller number of retrenchments also took place in East Africa and Brazil as part of business model refinement programmes. A total of seven employees retired for medical reasons and 10 employees passed away due to natural causes.

Reliance on expatriate skills in East Africa, Dubai and Mauritius results in an inherently higher employee turnover ratio norm in these territories. To this end, the effectiveness of employee retention and development plans is being monitored.

Continued poor performance without evidence of improved work standards is closely monitored and managed. Such instances led to a number of employee dismissals in accordance with dismissal procedures.

Building the skills pool and developing future Aspen leaders

Investment in employee training



Creating an environment in which our employees can thrive continued

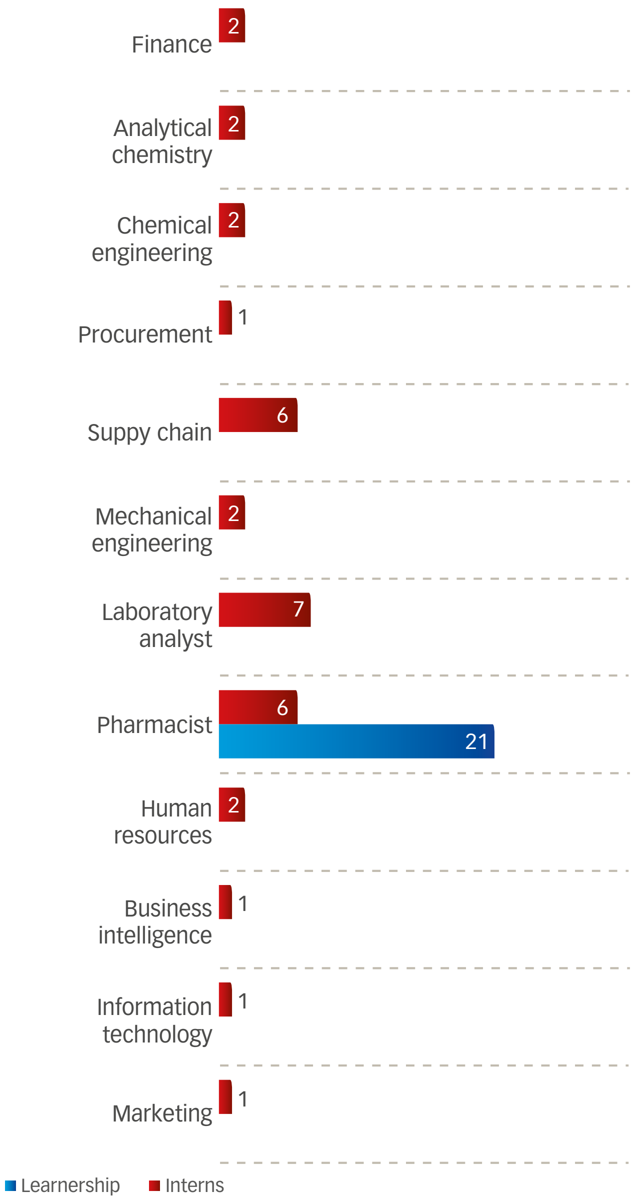
The Group invested in training interventions for 4 337 employees during the year (2013: 3 447) representing a 26% increase in the number of employees trained. Total investment in employee training and development programmes increased by 29% to R21,5 million (2013: R17,6 million) during the year, including bursaries to the value of R498 418 granted to employees in South Africa. The development of technical, functional, management and compliance skills received specific focus. The average training spend per employee increased by 4% to R3 477 (2013: R3 344). Training programmes for the recently acquired businesses are planned to commence in the 2015 financial year and, consequently, the average number of staff in these business units has been excluded in the calculation of this value.

Customised management development programmes were implemented to prepare high-potential candidates for future managerial positions.

Owing to the highly regulated pharmaceutical and globalised corporate environment in which Aspen operates, relevant internal and external training programmes were conducted throughout the year to maintain an up-to-date awareness of regulatory, legislative and statutory compliance requirements. At the manufacturing sites, functional and compliance training related to GMP governing the pharmaceutical manufacturing environment, standard operating procedure training and SHE training takes place in a structured manner. Medical sales representative and product awareness training was also implemented in the commercial businesses.

Development of scarce pharmaceutical industry skills continues to be supported. To this end, skills development programmes continued to be supported and 117 employees completed their skills development programmes in South Africa during the year and 81% of these graduates represented historically disadvantaged individuals.

During the year, 117 candidates successfully completed their skills development programmes and 54 candidates continued to participate in these programmes at 30 June 2014



Developing operational leaders at the South African operations

The first eight students to successfully complete the Aspen business management programme at the Nelson Mandela Metro University Business School.

Addressing the shortage of qualified and experienced production pharmacists

A group of 21 employees who started the Pharmacist Assistant Basic Learnership in November 2012 have recently completed their sessions, with 17 employees competent thus far. Twenty-seven employees who started the Pharmacist Assistant Learnership in February 2012 have qualified and registered with the Pharmacy Council.

Developing business leaders through a customised GIBS Management Development Programme

In South Africa, identified future business leaders completed a management development programme through the Gordon Institute of Business Science. The graduation ceremony was attended by directors and Group executives.

Developing the pool of manufacturing engineers at the Port Elizabeth site

Two employees completed a two-year pharma process technician programme. The course combined in-process optimisation and process engineering, including machine installations, to produce GMP-compliant medicines.

Creating an environment in which our employees can thrive continued

Training medical representatives in the Philippines

The Aspen Academy was established in February 2014 in the Philippines to support the developmental objectives of less experienced employees. The Academy offers sales force effectiveness training for employees. Aspen Philippines provides a comprehensive pharmaceutical induction programme for new employees. The Aspen Academy plays a significant role in the recruitment and selection of medical representatives.

Managing employee wellness

The well-being of staff is a key priority in the Group. Depending on the level and quality of public healthcare available from country to country where Aspen has employees, various healthcare insurance options are available to employees offering a selection of medical plans to address healthcare requirements. On-site clinics, employee assistance programmes, programmes for the promotion of healthcare awareness and HIV/AIDS testing, counselling and support programmes are offered to employees at certain business units.

In South Africa, consideration is being given to extension of current employee wellness programmes to address a broader range of non-communicable and dreaded diseases. Steps will be taken towards implementing the revised employee wellness strategy in the next year.

In support of employee safety, employee wellness and to manage employee productivity, employee absenteeism is formally recorded by business unit management teams and reasons for anomalous leave patterns are investigated. Where absenteeism is related to a diagnosed illness or psycho-social matter, employees are referred to the employee assistance programme as part of the medical incapacity process.

Supporting HIV/AIDS infected patients and employees

Relative to other continents, Africa has the highest prevalence of HIV/AIDS but the lowest level of access to affordable healthcare facilities to support the management of HIV/AIDS and non-communicable diseases. As a business with its legacy in South Africa, Aspen is particularly conscious of the impact of HIV/AIDS on the African continent and on sustainability objectives in this region. As a consequence, the Group's HIV/AIDS policies and programmes are implemented in South Africa and in East Africa. Aspen has historically been a strong advocate in the fight against HIV/AIDS through the supply of high volumes of affordable high quality and effective ARVs to the South African public sector. In South Africa and East Africa, the Group invests in structured HIV/AIDS voluntary testing and counselling programmes through accredited healthcare service providers. An HIV/AIDS policy is in place in South Africa and is updated on an annual basis. The human resources business integration programme aims to give consideration to requirements for HIV/AIDS voluntary testing and support programmes in businesses outside Africa with reference to relevant legislation governing such interventions in various countries.

In South Africa, Aspen's HIV/AIDS management programme is administered by Metropolitan Health Risk Management. Free HIV/AIDS testing is conducted every two years and is offered to all employees in South Africa. A total of 1 268 employees participated in the voluntary HIV, counselling and testing programme during September 2013 (2012: 1 202) which was conducted across the South African sites. Of the employees tested, 2,4% were found to be HIV positive (2011: 5,0%), compared to an estimated national HIV prevalence rate of approximately 10,6% in South Africa.

HIV/AIDS-positive employees have access to disease management programmes through their healthcare insurance schemes which subsidise the provision of ARVs, as well as voluntary counselling and support programmes. In South Africa, peer educators provide staff with necessary HIV/AIDS prevention and disease management training and, where required, this is also offered to family members of affected employees. Non-communicable diseases such as diabetes, hypertension and cholesterol were also tested during this assessment. A total of 2 009 employees participated in the health risk assessment.

A Knowledge, Attitudes, Perceptions and Behaviour Survey was conducted in February 2014 to identify barriers to participation in HIV/AIDS management programmes in South Africa. The survey indicated that the Group's HIV/AIDS initiatives need to be enhanced. Improvements are required in the HIV/AIDS education programmes, peer educators and management awareness. Plans are being implemented to ensure these identified areas for improvement are addressed.

In Kenya, free HIV/AIDS testing programmes are conducted for employees in conjunction with National Organisation of Peer Educators. Testing took place in October 2013 and 147 employees participated in the programme. One employee tested positive. Employees were made aware of free ARVs and counselling programmes available to them. Peer educators continue to engage with employees to promote awareness on required behavioural changes and adopting a healthy lifestyle. Free body mass index, random blood sugar and blood pressure testing was also provided.

In Tanzania, an awareness talk on HIV/AIDS was conducted for employees by Cigna Health Insurance in September 2013. Management was pleased at the participation rate – 45 employees volunteered to be tested, after a disappointing participation rate in the previous year. One employee tested positive. National media campaigns in Tanzania and Kenya are effective in promoting HIV/AIDS awareness and providing wide access to HIV/AIDS support facilities.

Free condoms are conveniently accessible to employees from condom dispensers installed at various points across the South African and East African sites.

Aspen participates annually in World AIDS Day on 1 December and World TB Day on 24 March.

Promoting equality

Relevance to the business

Transformation in South Africa

As a proudly South African-based Group, Aspen supports the country's transformation objectives which aim to empower historically disadvantaged groups in South Africa. Through the legislated economic empowerment initiatives, South Africa will benefit from the social reparation of past injustices and the added economic contribution of inclusive and unrestricted participation by all citizens. The Group's employee management policies in South Africa are aligned with the Employment Equity Act and the BBBEE Codes to promote the advancement, training and development of historically disadvantaged individuals including females. Employment equity forums are in place at each of the South African sites. In addition, enterprise development projects and preferential procurement objectives and targets are in place to support the emergence of black-owned and black female-owned businesses. To this end, procurement initiatives include the identification of qualifying suppliers. The Social & Ethics Committee monitors progress of the Group's transformational objectives. Aspen's Transformation Policy can be accessed online.

Five of the nine non-executive directors are from historically disadvantaged backgrounds, three of whom are female, including the Board's Chairman. This supports the Group's targeted objectives towards promoting transformation in the South African business.

Respecting human rights

Aspen's working environment is free of prejudice, bias, harassment and/or violation. Aspen's Code of Conduct, available online, entrenches the right of all employees to be treated with fairness, equality and respect. Discrimination of employees on the basis of gender, race, physical health, sexual orientation, individual belief systems and/or any other prejudicial grounds is prohibited. This policy is applicable across the Group's businesses.

Aspen's Code of Conduct, signed by all employees, details the Group's commitment to fundamental human rights and the Social & Ethics Committee monitors the effectiveness of ethics management in the Group. It is mandatory for all Aspen's suppliers and business partners to sign the Aspen Code of Conduct for suppliers and service providers to provide assurance that human rights and good ethical standards are upheld within the supply chain.

Aspen's Board is committed to the advancement of females into managerial roles within the Group and the Social & Ethics Committee monitors this objective. Female employees comprise 47% of the total workforce (2013: 49%). A survey was conducted in April 2013 among female employees in the South African business to obtain their views about the extent to which Aspen's working environment is conducive for them.
A Women's Forum has been established in the South African business and is accessible to female employees from across the various business units. The purpose of the forum is to create a platform for women employees to engage on issues that affect women in the workplace and to provide solutions and recommendations to the business. Women in leadership training programmes have been introduced in order to enhance the development of women who are in management positions and those aspiring to be managers.

Review of 2014 performance

Material KPI	**2014**	2013
BBBEE accreditation in South Africa*	**Level 3**	Level 3

** This indicator only applies to Aspen's South African business.*

Refer to the Social & Ethics Committee Report online for more information on the Group's approach to and performance for the 2014 year as pertains to transformation in South Africa, governance of human rights and ethical practices.

The current BBBEE Codes are being revised and early indications are that the additional requirements are expected to negatively impact the ratings of most businesses in South Africa. During the year, executives in the South African business participated in industry discussions on the matter and submitted Aspen's response on the draft codes to the Department of Trade and Industry. The potential impact of the draft codes on Aspen's South African business was assessed internally, together with external consultants. An impact assessment was presented to the Group's Social & Ethics Committee. Subsequently, revised transformational objectives and programmes, including those addressing employment equity, have been formulated and the effectiveness of these interventions will continue to be monitored by the Social & Ethics Committee.

The Group's BBBEE certification was performed by Empowerdex, an independent economic empowerment rating and research agency. The 2014 certificate can be accessed online.

Upholding human rights

No businesses in the Group are at risk of violating human rights which protect child labour, forced or compulsory labour. During the year, no incidents of discrimination, forced labour or compulsory labour were found to exist in the Group (2013: 0). In addition, there were no reported incidents in the Group where the rights of indigenous people were violated (2013: 0). These aspects are monitored in respect of all business units.

Upholding the Aspen Code of Conduct

All alleged breaches of the Aspen Code of Conduct are reported to the Social & Ethics Committee and it can be confirmed that no material breaches of this code had been identified during the period under review.

Contributing to the enhancement of healthcare, education and basic needs in communities

Relevance to the business

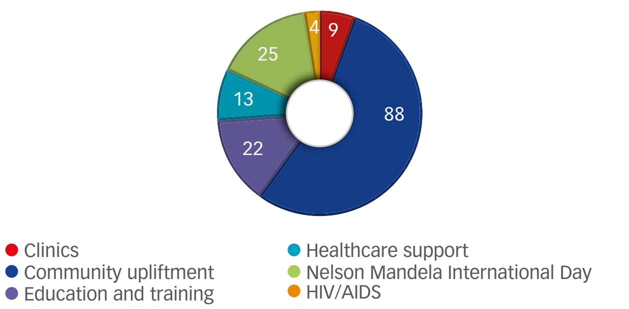
Aspen's South African heritage is in a country where there is a dire lack of accessible primary healthcare facilities in the rural areas, a shortage of healthcare professionals and where the educational infrastructure is not able to address critical skills shortages. This is exacerbated by the prevalence of HIV/AIDS which impacts approximately one in 10 South Africans. The Group is well positioned to make a meaningful difference to the lives of underprivileged communities and supports SED initiatives that provide primary healthcare facilities, HIV/AIDS management and awareness programmes and addresses scarce healthcare skills development.

Aspen supports these programmes through its participation in the PHEF, a collaboration between the South African Department of Health and private sector healthcare companies, as well as through independent initiatives. The Group makes an annual financial contribution to the PHEF. The Group's Strategic Trade and Development Executive, responsible for management of Aspen's SED strategy, was elected as the Chairman of the Board of the PHEF during the year. In addition, Aspen continued to support internally identified SED initiatives across all territories.

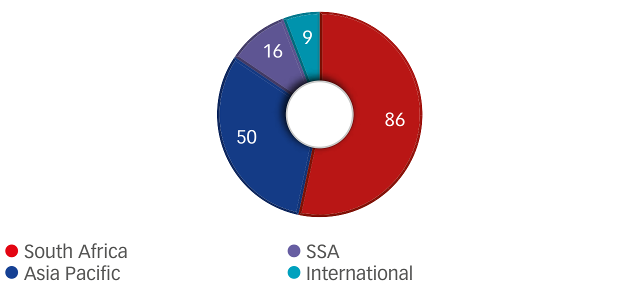
Review of 2014 performance

The Group* supported a total of 161 SED projects during the year which were valued at R14,1 million, largely based in South Africa.

SED projects by project type across the Group (161 projects)



Number of SED projects supported per region during 2014, valued at R14,6 million



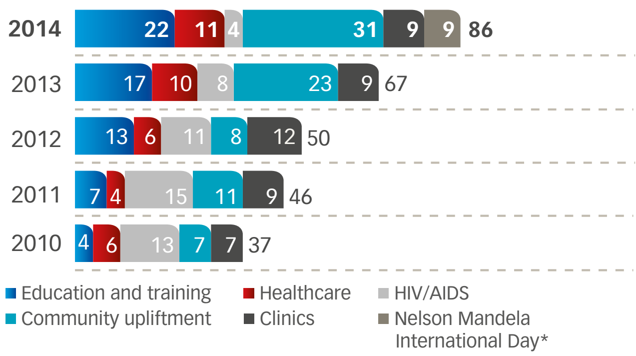
** Data for new and acquired business units has been measured in respect of this KPI.*

Employees throughout the Group are committed to supporting the Nelson Mandela International Day. In terms of this initiative, each Aspen business units selects deserving charitable beneficiaries and, from 18 July each year, employee volunteers invest at least 67 minutes of their time to actively contribute to the identified charitable beneficiary. In total, 58 projects were run across 29 countries, contributing to community upliftment across Aspen's geographic footprint.

During the year, 86 projects (2013: 67) were supported at an investment of R13,1 million (2013: R15,1 million) in South Africa.

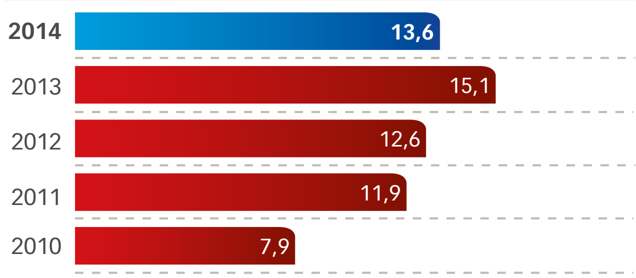
In March 2014, Aspen received the PMR Golden Arrow award for corporate social responsibility for the second consecutive year, as voted for by organisational leaders representing the South African private and public sectors, analysts and stockbrokers.

SED projects supported in South Africa



**Nelson Mandela International Day projects counted separately from community upliftment projects since 2014.*

Value of SED in South Africa (R'million)



Contributing to the enhancement of healthcare, education and basic needs in communities continued

Supporting the enhancement of paediatric facilities at the Nelson Mandela Children's Hospital and KwaZulu-Natal Children's Hospital through the Sifiso Nxasana Paediatric Trust

The Sifiso Nxasana Paediatric Trust was formed for the enhancement of paediatric facilities at the Nelson Mandela Children's Hospital and the KwaZulu-Natal Children's Hospital.

The first milestone was achieved with the breaking of ground at the Nelson Mandela Children's Hospital.

Aspen Venezuela supported the well-being of the elderly on Nelson Mandela International Day 2014

Aspen executives and employees in Venezuela served a nutritious breakfast, donated clothing and toiletries and participated in various interactive activities to assist with caregiving to the elderly residents at Asilo La Providencia, a frail care centre managed by the Congregation of the Sisters of the Poor near Caracas. Repairs and maintenance was carried out on buildings in order to provide a more comfortable environment for the residents. Aspen was honoured to have the support of the South African Embassy in this initiative. The South African Embassy donated a water heater that was installed by Aspen staff and an Embassy staff assistant.

Contributing towards increasing the pool of critical healthcare skills in South Africa

The Umthombo Youth Development Foundation facilitates a training and educational programme for aspirant students from rural areas to become qualified medical professionals as a means of addressing the shortage of healthcare skills in South Africa. The programme includes comprehensive mentoring and financial support throughout the course of the students' studies and assistance with integration into the hospital working environment once qualified. Over 12 years, the foundation has produced 183 graduates covering 16 different areas of specialisation. During 2014, Aspen supported 13 of the 200 students studying through this foundation, including four proud graduates who successfully completed their studies.

Aspen Global assists the SOS Children's Village on Mandela Day 2014

Aspen Global donated funds to the SOS Children's Village.

Aspen Global's support of the SOS Children's Village included the sponsorship of a family house, the inauguration of a play area for the younger children, an art competition and a range of fun, entertaining activities.

Providing a safe working environment

Relevance to the business

Aspen's commitment to safety and security management

Aspen's Code of Conduct, available online, recognises that employees are entitled to a safe working environment and is committed to ensuring the safety and security of employees and third parties visiting its premises. The prevention of work-related injuries, permanent disabling injuries and occupational diseases is a key focus area for site management teams. Health and safety is a priority at the manufacturing facilities where on-site staff numbers and the inherent risk of health and safety incidents are high. Contamination risks are also relevant to the pharmaceutical production environment.

Safety management is a responsibility shared by all employees across the organisation. Formal health and safety representation and safety management structures are in place across the manufacturing facilities. Safety performance management is a KPI in the day-to-day management of the operations and is monitored quarterly by Aspen's Board through the sustainability reporting process. Safety representation structures and tailored safety procedures are also in place at selected administrative and commercial sites. Third-party contractors are responsible to ensure their compliance to relevant safety legislation and adherence to Aspen's health and safety specifications. In addition, supply chain procedures are in place to address the safe and compliant handling and transport of all supplied materials and products.

Under the direction of the Group Strategic Operations Executive, the Group SHE department monitors the effectiveness of health and safety systems across business units, develops and promotes Aspen's safety protocol and monitors compliance to health and safety standards. The Social & Ethics Committee supports the Board in monitoring the effectiveness of health and safety management systems and the status of health and safety legal compliance across the Group. The Group SHE Manager has a standing invitation to attend the quarterly Social & Ethics Committee meetings. Aspen's Board monitors material health and safety performance indicators on a quarterly basis through the sustainability reporting process.

The health and safety management systems at five of the Group's sites in South Africa, Germany and Mexico (Vallejo) sites are OHSAS 18001 certified, representing 28% of the Group's 18 manufacturing sites. Phased three-year project plans are in progress to align health and safety systems at other manufacturing sites to OHSAS 18001 and to Aspen's health and safety management standards. This alignment process is expected to be completed in 2017 and formal certification will be considered thereafter.

External SHE legal compliance audits are conducted annually across all manufacturing sites. The Group SHE department monitors the results of these audits during the year to verify and track progress of corrective action plans.

Health and safety management policies are in place to govern safety management at each manufacturing site. The South African Safety Policy is available online.

All sites are access controlled to prevent unauthorised entry. Business unit executives are responsible for maintaining appropriate security systems, accredited third-party security services and technology to protect the physical health and safety of employees and all other parties entering the premises and to safeguard assets at all times. Where employee safety could be at risk due to social or political unrest in a particular area where Aspen is represented, additional measures are taken by local management to protect employees.

Supporting safety awareness

Safety incidents are reported and investigated in accordance with formal procedures. Safety awareness training forms an integral part of incident prevention and appropriate awareness and competency training programmes are in place to enforce effective implementation of safety policies and procedures.

Measuring safety

The DIFR and LWDFR represent the material safety KPIs.

The DIFR reflects the percentage of employees who suffered disabling injuries in the 12 months ending 30 June, irrespective of whether such incidents resulted in lost work days. DIFR tolerance at all sites is set at less than or equal to 1,00. This ratio is calculated as follows:
DIFR = [(sum of incidents per definition) x 200 000 hours*]/number of employee hours worked over the rolling 12-month period.

The LWDFR indicates the percentage of employees who were absent from work due to work-related disabling injuries over the last 12 months. LWDFR tolerance is set at less than or equal to 0,75. This ratio is calculated as follows:
LWDFR = [(sum of lost work day cases per definition) x 200 000 hours*]/number of employee hours worked over the rolling 12-month period.

**Represents the average number of hours worked by 100 employees over a rolling 12-month period.*

Healthcare. We Care.

Providing a safe working environment continued

Review of 2014 performance

Material KPI	2014	2013	Change
DIFR**	1,32	1,08*	+22%
LWDFR**	1,14	0,86*	+33%

Restatement of 2013 comparatives

Material safety KPI	Group	Change	Aspen Brazil	Change	East Africa	Change
DIFR 2013 as reported	0,99		0,71		0,37	
DIFR 2013 restated	1,08	+9%	3,53	+397%	0,18	-51%
LWDFR 2013 as reported	0,79		0,14		0,37	
LWDFR 2013 restated	0,86	+9%	0,71	+407%	0,18	-51%

* *The DIFR and LWDFR for 2013 have been restated by +9% due to:*
- *the 2013 total hours used to calculate this ratio for the Aspen Brazil facility has been reduced after reversal of an error which multiplied the value by a factor of five. This resulted in an overstatement of the hours worked denominator in 2013 and an understatement of the comparative DIFR and LWDFR for this business; and*
- *a permanent disabling injury, recorded at the Tanzanian facility in 2013, did not meet the definition of a permanent disabling injury and should have been excluded in the 2013 calculation. The error has been corrected.*

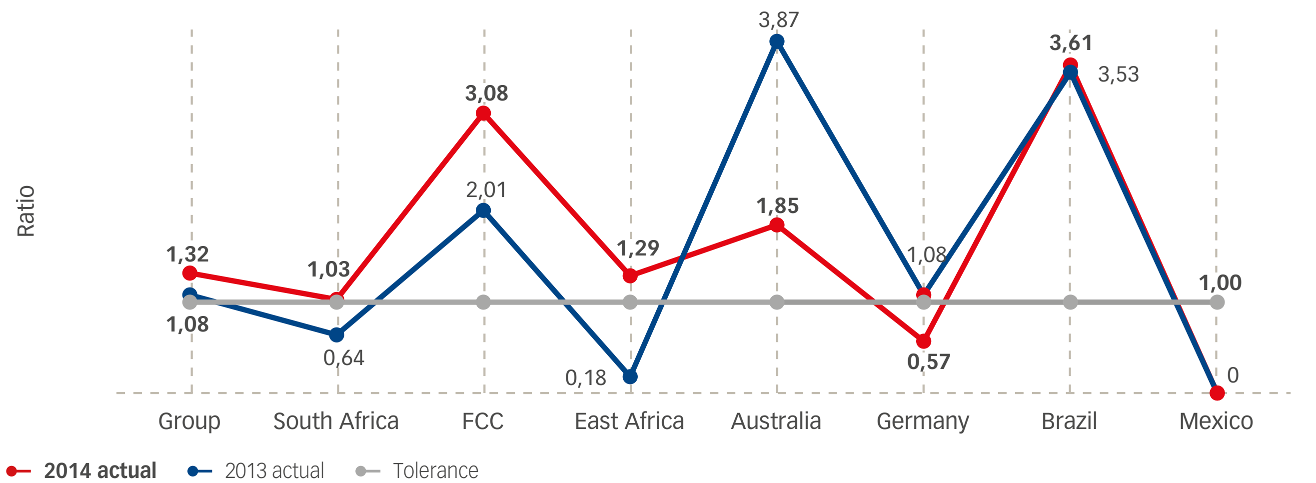
** *These indicators have not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5*

No work-related fatalities occurred during the 2014 year (2013: 1).

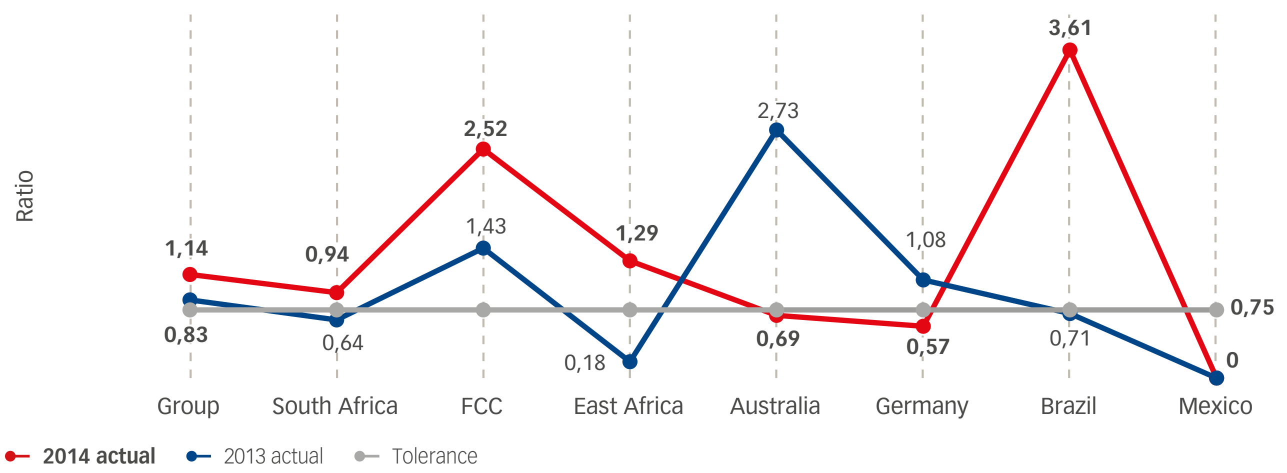
There was one permanent disabling injury during the 2014 year (2013:1) which took place at the Aspen Nutritionals site, where an employee's left ring finger was severed just below the first joint while cleaning a rotary valve on a dryer that was still operational and later amputated. In response, refresher training was conducted on lock-out procedures and the related standard operating procedure was updated to prevent the situation from recurring.

The Group's 2014 DIFR of 1,32 (2013: 1,08) exceeded the tolerance of 1,00. The LWDFR of 1,14 (2013: 8,86) exceeded the tolerance of 0,75. The increase was mainly attributable to the implementation of more accurate DIFR and LWDFR calculators and improved identification and classification of qualifying safety incidents across the Group's sites. The updated calculators have been applied prospectively under the guidance of external assurance providers and, consequently, information for affected business units has not been restated. In addition, during the year, the Group SHE department provided safety indicator calculations training to manufacturing sites outside South Africa. This resulted in improved identification and classification of incidents. Objectives and targets to reduce safety incidents will be promoted across all sites in the next year.

DIFR trend



LWDFR trend



In South Africa, the definition of "disabling incidents" has been expanded during the year to include restricted workday cases and leave days which were removed from the calculation of number of employee hours worked. The recorded increases in the DIFR and LWDFR ratios at FCC are due to 11 disabling injuries and five lost workday cases. Root cause identification for the increased number of incidents is being undertaken by management and a greater focus is being placed on targeted SHE awareness training.

Safety policy training is being repeated at Aspen Brazil to promote increased awareness of standard operating procedures related to machine operation and correct use of personal protective equipment to prevent minor injuries to employees. Further training will be provided to employees at the Kenyan and Tanzanian sites to assist with refinement of safety investigation procedures and targeted resolution of identified root causes. Through ongoing safety awareness programmes, reductions were recorded in the DIFR and LWDFR ratios at Aspen Bad Oldesloe. At the Australian sites, initiatives implemented to address health and safety risk reductions included active engagement with the health and safety representative, focused health and safety training programmes, coaching of supervisors and team leaders on injury response processes, and improved management of incidents.

Development of safety expertise at the Port Elizabeth site

Leslie Wilson completed his Safety Management Training Course as part of his personal development plan. The training aims to equip learners with the ability to plan, implement and maintain a SHE management system. Leslie has since been appointed as a SHE Officer.

Safety and environmental legal compliance audits

During the year, SHE regulatory compliance audits were conducted at the Group's manufacturing sites in South Africa, Australia (Dandenong site), East Africa, Brazil, Mexico (Toluca site), Germany and the Netherlands. The status of compliance at most sites was found to be satisfactory. Areas for material improvements have been identified at the sites in Kenya and Tanzania and required corrective action will be prioritised within appropriate timeframes.

Preserving the environment

Relevance to the business

Aspen recognises the importance of supporting global initiatives aimed at protecting the environment and conserving natural resources. Aspen's environmental management philosophy, available online, advocates containment of the carbon footprint across the supply chain in a technically and economically feasible manner. This is further promoted in the Group's Responsible Corporate Citizenship Philosophy and in the Aspen Code of Conduct which are available online.

Aspen's Board monitors the status of environmental risks through review of material environmental management performance indicators at scheduled intervals. The Social & Ethics Committee assists the Board in monitoring the adequacy of environmental management systems in the Group and the extent to which these comply with relevant legislation. Designated business unit executives are responsible for ensuring compliance with all relevant environmental legislation and implementation of Aspen's environmental management philosophy, as appropriate. Under the direction of the Group Strategic Operations Executive, the Group SHE department monitors the alignment of business unit environmental management systems to the Group standards, develops and promotes Aspen's environmental management protocol, and monitors environmental legislative compliance across the Group's manufacturing sites.

Environmental indicators are not measured and reported by the non-manufacturing business units, as water and electricity consumption are not material to these business units and carbon emissions are negligible.

As at year-end, none of the Group's business units were located in conservation areas or areas of biodiversity.

Managing emissions

GMP regulations require that technically advanced air handling systems are installed in production areas to extract and filter harmful fumes, vapour and dust particles during the manufacturing process. The implementation of these systems significantly reduces the risk of employee exposure to harmful substances and further prevents the release of polluted air emissions into the atmosphere. The risk of harmful air emissions is monitored on an ongoing basis. An accredited third party conducts stack emissions tests every three years at the South African sites to assess the risk of harmful emissions. Stack emissions were measured during 2013 and levels of air pollutants were found to be negligible.

Consequently the risk of harmful air emissions is low and, as a result, the Group has not prioritised the development of air emissions targets. As Aspen is in the early stages of measuring emissions, the Group's current focus is on ensuring that emissions are consistently recorded across sites so that a baseline can be set. Consideration will continue to be given to the business need for emissions reduction targets where this is required to address an identified environmental risk to Aspen's business.

Aspen's main sources of Scope 1 emissions include fuel, primarily used for the production of steam, fuel in Aspen-owned vehicles as well as refrigerants and natural gas. Scope 2 emissions represent a larger energy consumption value comprising of purchased electricity and purchased steam. Further progress has been made with the identification of Scope 3 emissions related to air travel, car rentals and for the transport of inbound production materials for the South African business. Once the systems generating this information have been validated, Scope 3 information will be formally measured and recorded in the sustainability reporting process.

Aspen participates in the annual CDP and Water Disclosure Project and the Group's 2014 submissions, available online, included information for the South African, German and Australian sites. Carbon calculation systems and measurement processes are being implemented across other sites in the Group and, once these reporting systems have been validated, information for those sites will be included in future CDP submissions. Aspen's 2013 CDP score improved from 87C to 89C mainly due to external verification of data and benchmarking of submissions by the Carbon Disclosure Leadership Index. The Water Disclosure Project submissions are not currently scored.

Aspen's commitment to responsible management of the environment

Aspen's environmental management principles formally describe the Group's commitment to the containment and reduction of its carbon footprint in a feasible manner through structured systems of environmental monitoring, reporting and management. This intent is integrated into site management strategies and formal conservation projects continuously identified and implemented at the sites in South Africa, Australia and Germany. Resource availability, cost and changes to environmental legislation in each territory are factors applied in the approval and prioritisation of conservation projects.

The environmental management principles document has been implemented across all Group manufacturing sites, with the exception of Aspen's site in France and at the Vallejo site in Mexico where implementation is scheduled for 2014/2015.

Environmental legal compliance

Aspen's manufacturing sites in South Africa, Germany and in Mexico (Vallejo) comply with the ISO 14 001 environmental management system certification, representing 28% of the Group's 18 manufacturing sites. Additionally, Aspen Bad Oldesloe in Germany has attained ISO 50 001 energy management system certification. Phased three-year project plans are in progress to align environmental management systems at other manufacturing sites to ISO 14 001. This alignment process is expected to be completed in 2017 and formal certification will be considered thereafter.

As outlined on page 47, annual SHE legal assessment audits were conducted by external consultants across all manufacturing sites during the year. Areas for continuous improvement recommendations have been identified and corrective action has been prioritised by management teams at the respective manufacturing sites. The Group SHE department will monitor the progress of corrective action during the next year.

Responsible management of waste and effluent

The pharmaceutical manufacturing process generates high volumes of hazardous waste each year. Hazardous waste represents approximately 60% of total waste generated by the Group.

In alignment with the Group's Responsible Corporate Citizenship Philosophy and its environmental management philosophy, specific systems and processes are in place to manage hazardous and non-hazardous waste in compliance with waste management legislation applicable to each territory. The Group uses specialist and accredited waste management services providers to manage the transportation and disposal of waste in accordance with contracted terms and relevant legislation.

Waste recycling initiatives are promoted across all sites and waste is classified and recorded in waste registers. Initiatives are in place at the South African sites to switch to more responsible waste disposal methods and reduce the disposal of landfill waste. Waste registers are maintained at the Tanzanian and Kenyan sites. However, the systems and procedures to record and classify this waste are in the process of being corrected and validated. For this reason, total waste generated and total waste recycled excludes data for the East African sites.

The quality of effluent discharge is carefully monitored and controlled at all sites in accordance with local municipal by-laws. Deviations from regulated standards are investigated to identify root cause of deviations and corrective action is applied, as appropriate.

Material environmental risks in the Netherlands

At the time of the acquisition of the API sites from MSD during 2013, there was identified pre-existing soil contamination at the Moleneind site in Oss, the Netherlands, which was disclosed during the due diligence process. The risks relating to this soil contamination have been retained by MSD in accordance with the applicable share sale agreement and MSD will, accordingly, remain responsible for the completion of the soil remediation project in compliance with the regulations and requirements of the Dutch environmental authorities. A Governance Steering Committee is in place to monitor progress of MSD's soil remediation plan. In terms of the share sale agreement, Aspen is accountable for any soil contamination issues that may arise as a consequence of its activities on this site post-acquisition.

Chemical spills at the Moleneind site have continued to occur since Aspen's acquisition of these sites. A specific task team has been appointed to perform a root cause analysis of the material spills which have occurred. In addition, capital investment projects are in place that target enhancement of environmental compliance at the Moleneind site and the nearby De Geer site – critical plans are expected to be completed by December 2014. The modern De Geer site requires low levels of intervention and does not represent a risk. However, preliminary indications in respect of the Moleneind site are that the age and configuration of the site is such that the inherent risk of chemical spills remains at levels which are unacceptable on an enduring basis. This situation has led to serious concerns regarding the site's ability to remain compliant to enhanced environmental legislative requirements. The Group has appointed experienced, technically competent safety and environmental management teams and implemented new systems to monitor adherence to SHE policies and procedures so as to manage emerging compliance requirements in the most practical manner. The Moleneind site risk is being closely monitored by senior executives at Aspen Oss, Group executives and by Aspen's Board. A material change in activity at the Moleneind site seems the most likely effective long-term response.

In terms of the share sale agreement, Aspen acquired the environmental risks at the Boxtel, De Geer and the US sites. There are no known contamination issues at De Geer or at the US sites. Soil contamination and corrosion risks exist at the Boxtel site and this is being addressed through a new-build capex project plan. In the interim, a formal letter, received by MSD from the relevant environmental regulatory authority, prior to Aspen's acquisition of this site, confirms that no further remedial work is required in respect of the soil contamination issue at Boxtel. However, in light of advancing environmental regulations in Europe, there is no certainty that this approval will remain valid until the new build project is completed. The situation is being monitored by Group executives and the Oss management team continues to engage with environmental authorities in the ordinary course of business.

Permit Foundations are in place at the Moleneind and De Geer sites and are the custodians of site-wide permits governing all relevant activities on site. The Permit Foundations are responsible for monitoring compliance with environmental regulations on these sites across all site users which include Aspen, MSD and others. As a member of the Moleneind and De Geer Permit Foundations, Aspen has joint responsibility for the foundations' liabilities. In May 2014, a fine of EUR75 000 was imposed on the Permit Foundation Moleneind for alleged non-compliance of fire prevention systems with required standards. Steps are being taken by the Permit Foundation to appeal the fine due to required systems which had been implemented in December 2013 and certified during

Preserving the environment continued

January 2014 and details of which had been communicated to the relevant authorities. However, the authorities have advised that the Permit Foundation Moleneind did not demonstrate before the required date that these systems sufficiently complied with regulated requirements. Quantification of Aspen's financial liability related to this matter, is pending completion of further evaluations, the outcome of related discussions with the Permit Foundation Moleneind and its members and results of the appeal process.

Review of 2014 performance

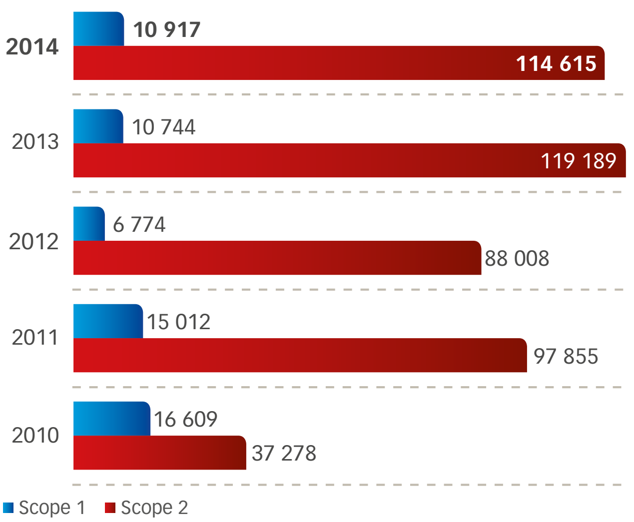
Material KPI	2014	2013	% change
Carbon emissions (tCO_2e) – Scope 1*	**10 917**	10 744	+2%
Carbon emissions (tCO_2e) – Scope 2*	**114 615**	119 189	-4%
Weight of waste recycled (tons)	**3 496**	2 476	+41%

** These indicators have not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5.*

Carbon emissions

The total amount of Scope 1 emissions generated during the year increased by 2% 10 917 tCO_2e and Scope 2 emissions decreased by 4% to 114 615 tCO_2e.

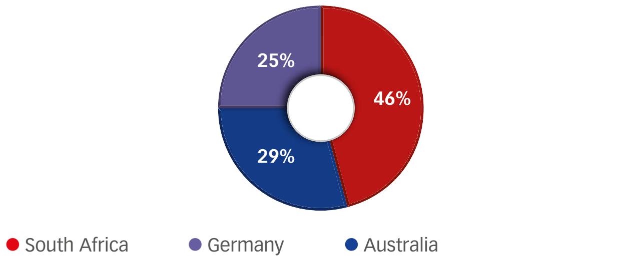
Group emissions (tCO_2e)



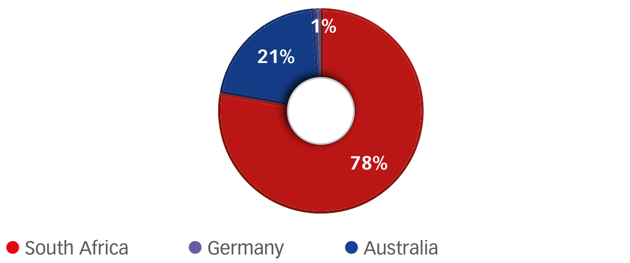
Scope 1 emissions increased by 68% at the Port Elizabeth sites due to a breakdown of four chiller units during the year which resulted in leakages. The affected chillers have been repaired.

This increase was offset by recorded decreases in Scope 1 emissions at Aspen Bad Oldesloe in Germany and FCC due to lower usage of refrigerants. The closure of sites in Australia has resulted in total Scope 1 emissions being reduced by 500 tCO_2e and Scope 2 emissions decreasing by 4 510 tCO_2e. The Scope 2 emissions reduction was further supported by the use of green zero-carbon, emissions-free electricity which contributed to a 58% reduction for Scope 2 emissions at the German site.

2014 Scope 1 emissions: 10 917tCO_2e



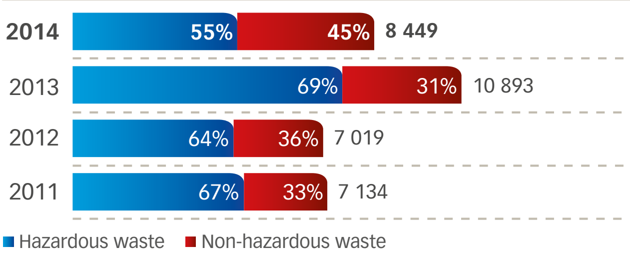
2014 Scope 2 emissions: 114 615tCO_2e



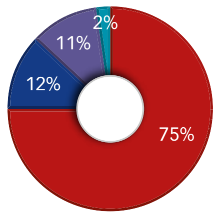
Waste management

During the year, 8 449 tons (2013: 10 893 tons) of waste were generated, comprising 4 612 tons of hazardous waste (2013: 7 555 tons) and 3 837 tons of non-hazardous waste (2013: 3 337 tons). Total waste generated decreased by 22%, largely due to the discontinuation of paracetamol production at FCC which resulted in reduced quantities of contaminated effluent that required disposal to landfill. The amount of hazardous waste generated at FCC reduced by 62% to 1 941 tons (2013: 5 265 tons).

Amount of waste generated (tons)

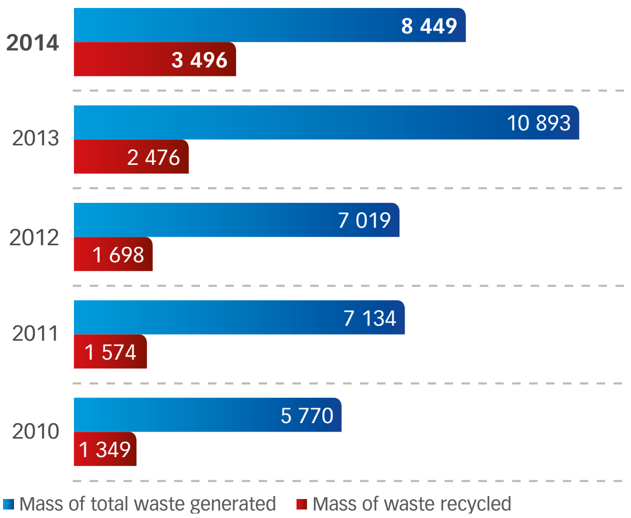


Waste disposal by geography: 8 449 tons

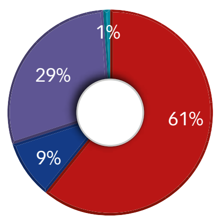


Through focused waste recycling initiatives, the total waste recycled increased by 41% to 3 496 tons (2013: 2 476 tons), representing 41% of total waste generated during the year (2013: 23%). Waste recycling initiatives continued to receive focus with good progress being recorded at the manufacturing sites in South Africa, Australia and Mexico (Toluca).

Waste management (tons)



Total waste recycled: 3 496 tons



A 5% target was set for reduction in landfill waste at the Port Elizabeth site. The site achieved a 7% reduction in waste to landfill during 2014. Further progress was made with reduction of landfill disposal methods in South Africa and selected categories of waste were reclassified as recyclable waste in Australia.

The Group's detailed waste register for 2014 is available online.

Effluent management

Internal testing performed through an accredited laboratory showed deviations from municipal standards at the Port Elizabeth site during some months of the year. Reasons for the deviation were investigated and corrective action has been implemented to increase dosing and cleaning frequency of the canteen fat trap. In addition, investment is being made in an automatic dosing system.

A new effluent plant has been installed at the Aspen Nutritionals site in Johannesburg following non-compliance of effluent with municipal standards which led to fines to the value of R25 321 being levied by municipal authorities during the year.

Environmental management training

Environmental management training is conducted at Aspen's existing and new manufacturing sites to ensure consistent application of the environmental principles, compliance with legislative requirements and general environmental awareness.

Key environmental training interventions implemented during 2014 are summarised in the table below and exclude related information for the new and acquired businesses:

REGION	KEY ENVIRONMENTAL TRAINING INTERVENTIONS IMPLEMENTED
South Africa	Annual refresher training for the transport of dangerous goods was provided to relevant employees at the Port Elizabeth and East London sites. Environmental awareness training on global warming was provided across the South African manufacturing sites.
East Africa	General safety and environmental awareness training was conducted for all employees working at the manufacturing sites.
Australia	Hazardous substances and dangerous goods training took place. In addition, Environmental Protection Agency interactive portal and waste certificate training was also conducted.
Germany	Training for handling of hazardous chemicals and environmental standard operating procedures training.
Brazil	Waste management and general safety and environmental awareness training.
Mexico	Hazardous waste management training, non-hazardous waste management training and materials handling training.

Managing the efficient utilisation of scarce resources

Relevance to the business

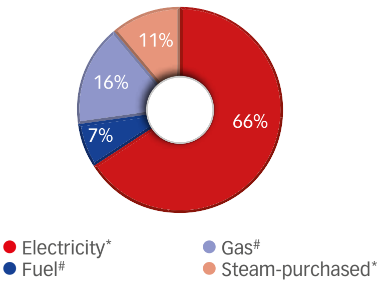
The Group acknowledges the criticality of energy and water supply to its business and remains cognisant of risks which influence future availability of these scarce resources. Energy and water are critical to Aspen's manufacturing processes and are the resources relied upon for meeting key GMP requirements at the sites.

Electricity is required:

- for powering equipment including heating, ventilation and air conditioning ("HVAC") systems which represent close to 70% of the electricity used in the Group;
- to prevent air pollution and respiratory risks; and
- to ensure that the required environmental conditions are maintained.

Steam, fuel and gas are also used to power utilities. Indirect sources of energy such as electricity and purchased steam are bought from third-party suppliers. Aspen purchases fuel and gas and uses these commodities to produce steam and to power boilers on site. Fuel and gas are hence referred to as direct sources of energy.

Energy usage by primary source: 676 373GJ



** Indirect source*
 # Direct source

Water is used for the generation of purified water and clean steam for purposes of cleaning required to maintain a sterile production environment. Water used in the manufacturing processes is mainly obtained from municipal sources.

The limitation of global coal supplies and growing demand for energy has potentially negative consequences to the future availability of affordable energy. In South Africa, the state-owned supplier, Eskom, is the sole supplier of electricity to the country and above-inflationary annual tariff increases place a burden on maintaining cost-competitive supply of products. It is estimated that the global demand for fresh water will exceed supply by 40% by 2030. In South Africa, increased demand for water through urbanisation and the reliance on ageing water supply infrastructure increases the medium-term risk of interruptions to water supply.

In response, water and electricity conservation projects are being formally implemented and monitored at Aspen's sites, particularly at Aspen's South African operations which represent the Group's largest consumption base for these resources.

During the year, potential intensity measures have been identified and evaluated by the Group SHE department in consultation with management at the Port Elizabeth site. Consideration is currently being given to selecting an appropriate measure that would provide meaningful and comparable information across all manufacturing sites in the Group.

In order to remain aware of national and industry initiatives and technological developments aimed at more efficient use of scarce resources, the Group promoted participation in relevant industry forums.

During 2014, Aspen participated as members of the following environmental management forums:

REGION	INDUSTRY ENVIRONMENTAL MANAGEMENT FORUM SUPPORTED BY ASPEN	DESCRIPTION OF FORUM
South Africa	Member of the Energy Efficiency Leadership Network (EELN)	The EELN was formed during 2011 by the National Business Initiative in partnership with Business Unity South Africa and the South African Department of Energy to drive the continuous improvement of energy efficiency in the South African business sector in support of the appropriate government policy and strategy, leading to enhanced international competitiveness and greenhouse gas emission reduction. Aspen's participation is expected to assist the Group in understanding and identifying national and industry objectives in respect of climate change and to consider alignment of Aspen's environmental management policies, objectives and targets accordingly.
	Institute of Waste Management of Southern Africa (IWMSA)	The IWMSA is a multi-disciplinary non-profit association that is committed to the improvement of waste management standards and legislation, supporting international, national and regional trends in best environmental practices, promoting the science and technology of waste management and promoting cost-effective management of waste. Education and training in the realm of effective and efficient waste management is a key focus area.
	Chemical and Allied Industries Association (CAIA)	Initiatives to promote the reduction of energy consumption are part of CAIA's ongoing contributions to the chemical industry. CAIA is a signatory to the energy efficiency accord through the responsible care programme. Aspen is a member of the CAIA and is a signatory to the responsible care programme.
Australia	Australian Packaging Covenant (APC)	APC is an agreement between government, industry and community groups to find and fund solutions to address packaging sustainability issues with a focus on promoting green packaging, waste recycling and product stewardship. Aspen is an APC signatory.
Brazil	Environment & Sustainability Committee of Pharma Industry Association	The objective of this committee is to share environmental management information among pharmaceutical industry participants and to provide support regarding the implementation of environmental conservation initiatives.

Managing the efficient utilisation of scarce resources
continued

Review of 2014 performance

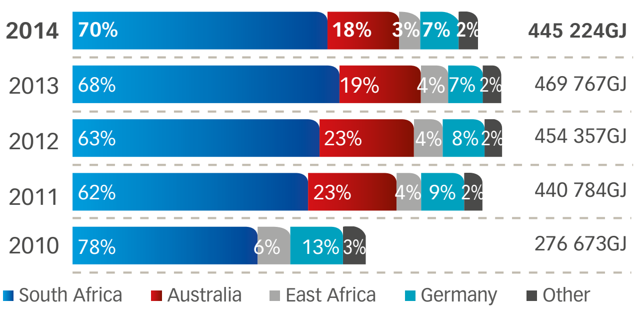
Material KPI	2014	2013	Change
Electricity used (gigajoules)*	**445 224**	469 767	-5%
Volume of water used (kilolitres)*	**443 893**	499 715	-11%

** These indicators have not been measured and reported on in respect of the new and acquired business units due to business integration programmes which are in progress. Please refer to scope and boundaries of the report as explained on pages 4 and 5.*

Energy used and energy conservation projects

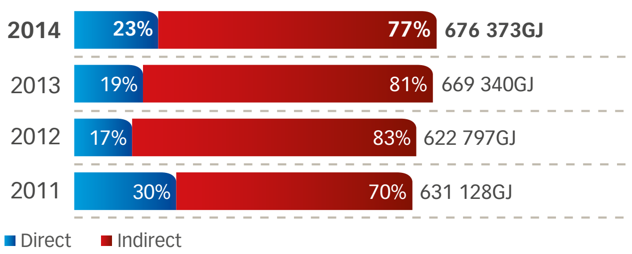
Total electricity used decreased by 5% during the year to 445 224GJ (2013: 469 767GJ). Decreases in electricity usage were recorded across all manufacturing sites except at Aspen Brazil and Aspen Mexico. Following an audit at the site in Brazil, HVAC systems are no longer switched off when not in use which led to a 32% increase in consumption at this business unit. Due to an increase in production volumes, electricity usage at the Toluca site in Mexico rose by 11%. As a result of factory closures in Australia, electricity consumption at the Aspen Australian sites was reduced by 14% during the year.

Electricity usage

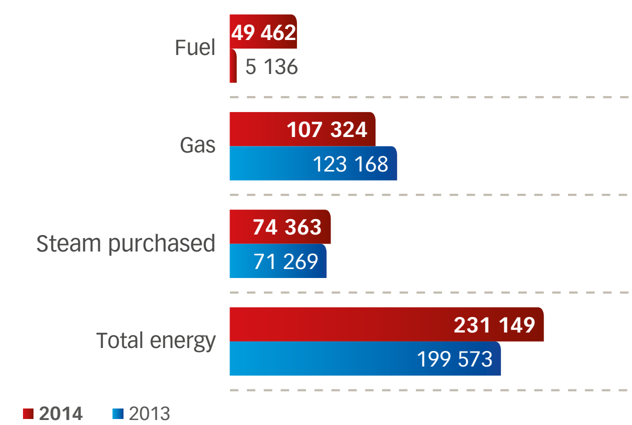


The Group's other energy consumption, excluding electricity, increased by 16% to 231 149GJ (2013: 199 573GJ). Fuel usage increased by 44 326GJ to 49 462GJ mainly due to the inclusion of fuel usage for the facilities in East Africa for the first time, the use of additional diesel-fuelled trucks at the Port Elizabeth warehouses and increased use of stand-by generators at FCC due to more frequent load shedding by the South African state-owned electricity supplier. The purchase of new warehouse trucks in Port Elizabeth and increased use of stand-by generators due to load-shedding at FCC also contributed to the increase in fuel consumption. Gas usage decreased by 13% largely as a result of mild weather conditions in Germany which led to a decrease in gas usage at Aspen Bad Oldesloe. The closure of a site in Australia also contributed to the decrease in gas usage.

Energy usage by source type (including electricity)



Energy usage by source (excluding electricity)



No new energy conservation initiatives were implemented during the year. However, previously implemented initiatives continued to be supported.

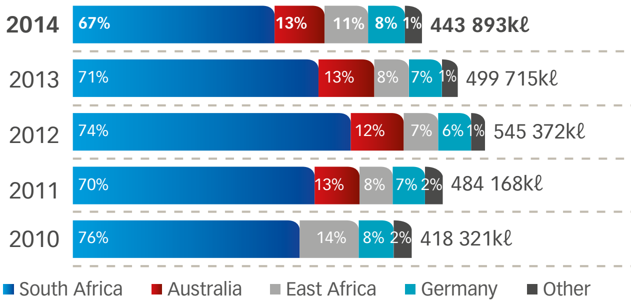
A project was initiated in 2014 to identify suitable intensity measures for the Group's environmental indicators to be able to report these in context of operational activity levels as well as absolute figures. Consideration has been given to appropriate intensity reference measures that facilitate comparability with peer companies and that can be consistently applied across the manufacturing facilities in the Group. These indicators now need to be tested and will be implemented in the South African operations during 2015. Once implemented, these intensity-based measures will support the Group's ability to accurately measure savings achieved through conservation projects.

Subsequent to year-end, electricity conservation targets have been set for the Port Elizabeth site at 4% and will be implemented during 2015 following internal approval.

Water used and water conservation projects

Total volume of water used at the manufacturing sites decreased by 11% to 443 893kℓ. The closure of sites in Australia largely contributed to this decrease.

Water consumption trend

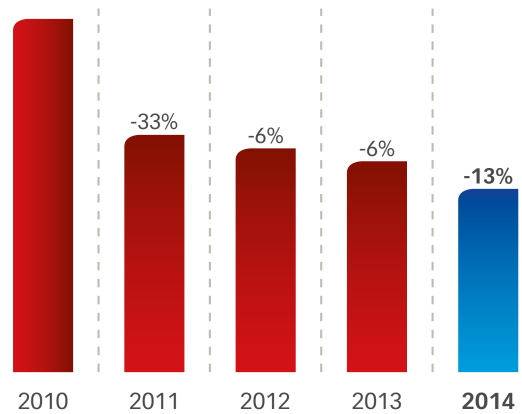


Benefits continued to be realised from water conservation projects implemented at the Port Elizabeth site during previous financial years. These projects included the recycling of water in the reverse osmosis plant, implemented during 2012 and HVAC efficiency projects which lead to reduction in water used for the cooling towers which was initiated during 2013.

Subsequent to year-end, water conservation targets have been set for the Port Elizabeth and Johannesburg sites at 8% and will be implemented during 2015.

Two new water conservation projects were implemented during the year at the steriles facility in Port Elizabeth which measured savings of 4 553kℓ, representing 15% of the water used at this facility during the year. Following the implementation of water conservation initiatives, water consumption at the steriles facility has reduced by 58% over four years. These initiatives have been explained in the case studies below.

Year-on-year reductions in water usage recorded at the Sterile facility in Port Elizabeth as a result of water conservation initiatives, resulting in a cumulative reduction of 58% over four years



Water conservation through installation of an additional reverse osmosis water buffer tank on the Multitron Multi-effect still at the Sterile facility in Port Elizabeth

The buffer tank improved the reverse osmosis plant efficiency through reduction of the reject water volume by an average of 100 kilolitres per month.

Water conservation through the installation of the HVAC condensate recovery system at the Sterile facility in Port Elizabeth

Condensate water recovered from the air-handling units in the manufacturing suites is returned to the cooling towers. This project decreased municipal water consumption by an average of 50 kilolitres per month. The project commenced in July 2013 and was completed during April 2014.

Abbreviations

ABBREVIATION	FULL NAME
AA1000AS	The AA1000 Assurance Standard is a standard for assessing and strengthening the credibility and quality of an organisation's economic, social and environmental reporting
API	Active Pharmaceutical Ingredient
ARV	Antiretroviral
Aspen Argentina	Aspen Argentina SA
Aspen Australia	Aspen Australia comprises Aspen Asia Pacific (Pty) Limited and its subsidiaries, including Aspen Pharmacare Australia (Pty) Limited, Aspen Pharma (Pty) Limited, Orphan Holdings (Pty) Limited, Orphan Australia (Pty) Limited, Aspen Lennon (Pty) Limited and Arrow Pharmaceuticals (Pty) Limited
Aspen Bad Oldesloe	Aspen Bad Oldesloe GmbH based in Germany
Aspen Brazil	Aspen Pharma – Indústria Farmacêutica Limitada
Aspen Dubai	Aspen Healthcare FZ LLC (selling into Middle East and North Africa)
Aspen Global	Aspen Global Incorporated
Aspen Japan	Aspen Japan KK
Aspen NDB	Aspen Notre Dame de Bondeville SAS
Aspen Oss	Aspen Oss BV
Aspen and/or Group	Aspen Pharmacare Holdings Limited and/or its subsidiaries
Aspen Malaysia	Aspen Medical Products Malaysia SDN BHD
Aspen Mexico	Aspen Mexico comprises Aspen Labs S.A. de C.V. (Mexico), Aspen Pharma Mexicana S de R.L.C.V., Solara S.A. de C.V., Wyeth Pharmaceuticals de R.L. de C.V., PN North America S. de R.L. de C.V., Wyeth Ilachari S. de R.L. de C.V., Wyeth S.d R.L. de C.V., Marcas WN S.A. de C.V.
Aspen Nigeria	Aspen Pharmacare Nigeria Limited
Aspen Philippines	Aspen Philippines Inc.
Aspen Venezuela	Aspen Venezuela C.A. and Nestlé Nutrition de Venezuela S.A.
BBBEE	Broad-Based Black Economic Empowerment
BBBEE Codes	The Department of Trade and Industry's BBBEE Codes of Good Practice
CAGR	Compound Annual Growth Rate
CDP	Carbon Disclosure Project
CIS	The Commonwealth of Independent States, comprising Russia and the former Soviet Republics
DIFR	Disabling incident frequency ratio
East Africa	Aspen's commercial businesses in Kenya, Uganda and Tanzania and the two manufacturing sites in Kenya and Tanzania
EBITA	Represents operating profit before amortisation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements
Empowerdex	An independent economic empowerment rating agency in South Africa
ERM	Environmental Resources Management (Pty) Limited
FCC	Fine Chemicals Corporation (Pty) Limited
US FDA	United States Food and Drug Administration
GDP	Gross domestic product
GJ	Gigajoules

ABBREVIATION	FULL NAME
Global brands	Branded products owned by Aspen Global and distributed into multiple territories
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
GSK	GlaxoSmithKline plc
HVAC	Heating, ventilation and air conditioning
Internal Audit	The Aspen Group Internal Audit function
IMS	IMS Health is a leading provider of healthcare and pharmaceutical market intelligence
ISAE 3 000	An international assurance standard for assurance engagements other than audits and reviews of historical information
ISO14001	International standard for environmental management systems
ISO50001	International standard for energy management systems
JSE	JSE Limited, licensed as an exchange under the Securities Act, No 36 of 2004
King III	A corporate governance compliance code applicable to listed companies on the JSE in South Africa
kℓ	Kilolitres
KPA	Key performance appraisal
KPI	Key performance indicator
LWDFR	Lost work day frequency ratio
MSD	Merck Sharpe & Dohme
OECD	Organisation for Economic Co-operation and Development
OHSAS18001	International standard for occupational health and safety management
Pharmerging countries	Emerging pharmaceutical countries
PHEF	The South African Public Healthcare Enhancement Fund
PwC	PricewaterhouseCoopers Inc.
SED	Socio-economic development
SENS	Securities Exchange News Service
SHE	Safety, health and environment
Shelys	Shelys comprises Shelys Africa Limited, Shelys Pharmaceuticals Limited, Shelys Pharmaceuticals International Limited, Beta Healthcare Kenya Limited and Beta Healthcare (Uganda) Limited
SKUs	Stock keeping units
SRI	The JSE's Socially Responsible Investment Index
SSA	Sub-Saharan Africa
The Companies Act	The South African Companies Act, No 71 of 2008
tCO_2e	Tons of carbon dioxide equivalent
UN Global Compact	United Nations Global Compact
US	United States

Calculation of ratios supporting material KPIs

AVERAGE STAFF TURNOVER

Total number of permanent employee departures
/
Average number of permanent employees x100

DIFR

Sum of qualifying disabling incident cases x 200 000
/
Number of employee hours worked over rolling 12 months

OPERATING CASH FLOW PER SHARE

Cash generated from operating activities
/
Weighted average number of shares (net of treasury shares)

EBITA GROWTH (%)

EBITA (current year) – EBITA (prior year)
/
EBITA (prior year)

EBITA MARGIN (%)

EBITA
/
Gross revenue from continuing operations

LWDFR

Sum of qualifying lost work day incident cases x 200 000
/
Number of employee hours worked over rolling 12 months

NET INTEREST COVER (TIMES)

Operating profit before amortisation
/
Interest paid from continuing operations – interest received from continuing operations (excluding capital raising fees)

NORMALISED HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS (GROWTH %)

Normalised headline earnings per share (current year) – normalised headline earnings per share (prior year)
/
Normalised headline earnings per share (prior year)

RETURN ON ORDINARY SHAREHOLDERS' EQUITY (%)

Profit attributable to equity holders of the parent from continuing operations
/
Weighted average ordinary shareholders' equity

RETURN ON TOTAL ASSETS (%)

EBITA
/
Total weighted average assets (excluding cash and cash equivalents)

REVENUE GROWTH FROM CONTINUING OPERATIONS (%)

Revenue from continuing operations (current year) – revenue from continuing operations (prior year)
/
Revenue from continuing operations (prior year)

TRAINING SPEND PER EMPLOYEE

(Total investment in employee training during the year) + value of bursaries granted
/
Average number of permanent employees

VALUE ADDED PER EMPLOYEE

Value added from operations
/
Weighted number of permanent employees at year-end

Disclaimer

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