

# Sustainability Report 2021



Delivering Growth – in Asia and Beyond.



# Welcome from the CEO

**“Joining the UN Global Compact marks the next milestone underlining our ongoing commitment to responsible business practices.”**



In 2021, we made good progress on our Sustainability journey. Our Framework “Our People – Our Partners – Our Planet” has been further adopted across our organization and we increasingly translated our company value of “Sustainability” into tangible actions.

Our commitment to “Our People” is exemplified by our purpose of enriching people’s lives. Reporting zero fatalities from work-related injuries demonstrates that a safe work environment is a key priority at DKSH. Enabling our people to grow is one of our focuses and we expanded our training curricula to all employees, achieving a significant increase in training reach. A key achievement in our diversity program was the increase of the share of women in senior leadership positions from 27% in 2020 to 29% last year.

Under the “Our Partners” pillar, we continued to improve the resilience of our business to be able to serve our customers and communities with essential supplies also under adverse conditions. Moreover, we have further strengthened our compliance organization to play our part in maintaining the highest ethical standards in the supply chain.

Under the “Our Planet” pillar, climate change continues to be one of the most important topics. Last year, we reduced our own greenhouse gas emissions by 40%, achieving our initial reduction target of 35% by 2025 ahead of time. With this, we will fast-track our ambition to be climate-neutral in our own operations by 2030. As a new interim-target, we aim to reduce our own GHG emissions by 65% by 2025.

We are also leveraging new business opportunities that advance our Sustainability efforts. For example, in Hong Kong, we installed charging stations for electric vehicles in a shopping mall as well as a proprietary parking guiding system which reduces fuel consumption and carbon emissions.

Our commitment to Sustainability is further strengthened by our joining the United Nations Global Compact in May 2022. This is a strong demonstration of our belief that Sustainability is about collaboration – across industries and markets.

Going forward, we will continue to improve our Sustainability performance across all pillars of our Sustainability Framework, including the focus areas of diversity, responsible procurement, waste management, and green energy.

Let’s keep delivering on our Sustainability value!

A handwritten signature in black ink, appearing to read 'S. Butz', written over a faint, light-colored signature line.

Stefan P. Butz  
CEO

# Contents

<b>2</b>	<b>Welcome from the CEO</b>
<b>4</b>	<b>About Us</b>
<b>8</b>	<b>Sustainability at DKSH</b>
<b>26</b>	<b>Environment</b>
27	Environmental Responsibility
<b>32</b>	<b>Social</b>
33	Our People
39	Local Communities
40	Responsible Procurement
43	Occupational Health and Safety
<b>47</b>	<b>Governance</b>
48	Economic Performance
49	Market Presence
50	Anti-Corruption
54	Customer Health and Safety
56	Marketing and Labeling
58	Information Security
<b>60</b>	<b>Appendix</b>
<b>66</b>	<b>GRI Standards &amp; Disclosures</b>
<b>72</b>	<b>Assurance Report</b>

# About Us



**11.1 billion**  
net sales (2021)



**48**  
innovation centers  
**160**  
distribution centers



Operations in  
**36**  
markets  
**870**  
business locations



**2,100**  
clients  
**2,000**  
suppliers  
**530,000**  
customers



**33,100**  
employees



# DKSH Identity

As an international company with over 33,000 employees, our Identity brings us together as one strong DKSH team working towards a shared goal.

## Our Purpose

Enriching people's lives.

## Our Vision

Being the trusted partner.

## Our Strategy

Growing our four Business Units, strengthening our service offering, and increasing operational efficiency.

## Our Values

Integrity  
Empowerment  
Collaboration  
Entrepreneurship  
Sustainability

## Our Promise

Delivering Growth –  
in Asia and Beyond.





## DKSH in Brief

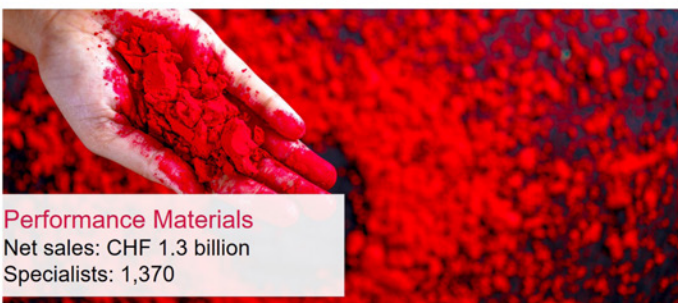
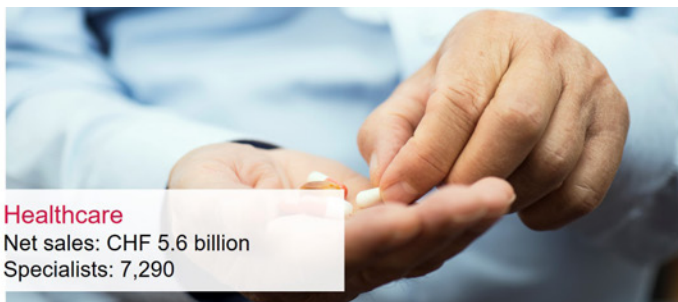
DKSH enriches people's lives by providing access to goods, services, and insights. United by our vision to be the trusted partner, we help companies grow.

Delivering life-saving drugs to hospitals, bringing high-quality products to remote villages, installing technology that raises living and safety standards, and providing new formulations for pharmaceutical, personal care, or food products that make life more sustainable. These are just a few examples of how DKSH touches and enriches people's lives around the clock.

We do this while helping our clients grow by distributing, promoting, and servicing their products and helping our customers grow by providing access to high-quality products, services, and insights.

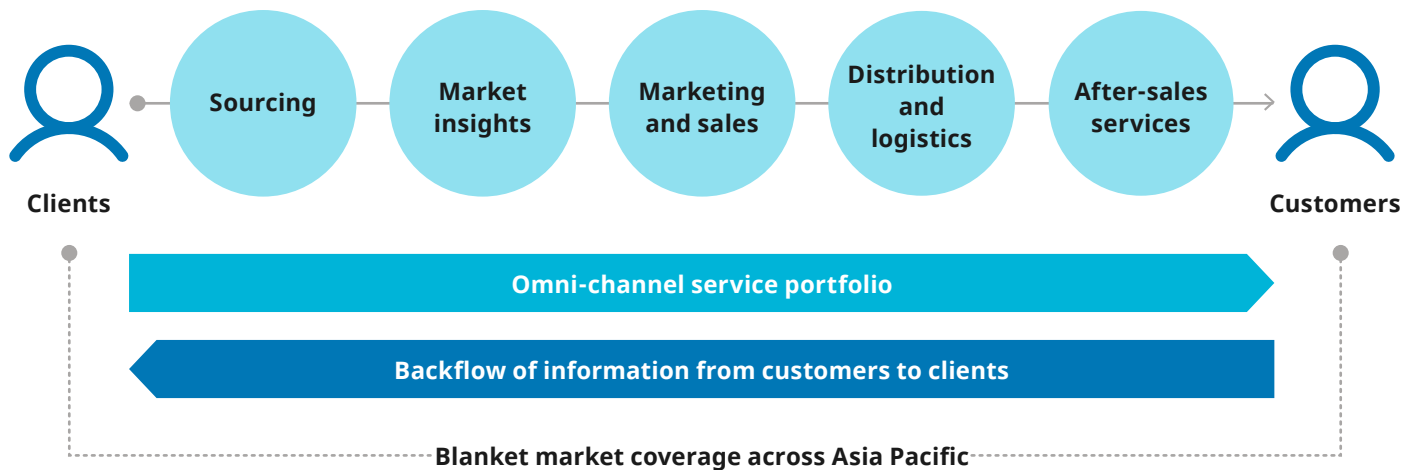
Learn more at: [dksh.com](https://www.dksh.com)

## Our Four Highly Specialized Business Units





# Services We Offer



DKSH's role is to provide companies with access and expertise to grow in and with Asia. We call this Market Expansion Services.

## Our Market Expansion Services are:

### Comprehensive

Our business partners can choose from a complete range of specialized services along the value chain – from sourcing, market insights, marketing and sales to distribution and logistics as well as after-sales services.

### Customized

Our services are precisely tailored to meet our clients' and customers' exact needs.

### Integrated

Our intelligently integrated and tailor-made services deliver seamless end-to-end solutions – no matter how large or small the requirements.

### Our Service Philosophy

Our business is about more than simply the exchange and promotion of goods, but rather taking on a profound responsibility for products and brand. Our specialists proactively provide strategic advice based on their experience, know-how and networks, gathering data from our hundreds of thousands of customers and translating it into highly detailed and up-to-date market information.

Learn more about the services we offer at [dksh.com/services](https://www.dksh.com/services)

# Sustainability at DKSH



# Sustainability Highlights 2021

**Distributed >80 million doses of COVID-19 vaccines**



**Donated >CHF 1 million in essential supplies to medical workers and communities**

**Donated >72,800 kg of surplus to food banks**



**PLATINUM** Top 1%

2022  
**ecovadis**  
Sustainability  
Rating

**Achieved EcoVadis Platinum rating in France**

**Launched new Maurice Lacroix  
AIKON #tide made from  
recovered ocean plastic**



MARKETING -  
INTERACTIVE  
**ASIA  
eCOMMERCE  
AWARDS 2021**  
SINGAPORE

**OVERALL**

eCommerce Agency of  
the Year 2021

**Won 14 awards at the Asia  
eCommerce Awards**

**Relocated Taiwan distribution  
center to a new building with  
a solar rooftop**



**Piloted electric vans and  
motorcycles in Thailand**



Supported our employees  
32 health programs and >127,000  
training sessions

Awareness  
Date: May 17, 2021



Everywhere  
Sharing Expert's Opinion Virtually  
**MEDflix** Vol.2  
Bigger | Better | Broader  
Mark your Calendar Sept 11-12, 2021 12-6 p.m.



Conducted 104 healthcare  
webinars, engaging 62,000  
medical professionals

0 fatalities from  
work-related injuries



Collected >120 kg of plastic  
bottles for upcycling

**2,024 children benefitted in 2021 through partnership with Right to Play.**

**Improving life skills with Right To Play and Liverpool F.C. Foundation.**



**Provided COVID-19 testing facilities in Thailand**

**Partnership for 26 electric vehicles charging stations in Hong Kong**



**Conducted 35 local community projects in 13 markets**



# Our Sustainability Framework



We take responsibility for the environmental, social and economic impacts of our business activities and we are committed to helping to create a sustainable future through responsibly managing long-term, profitable growth.

In the 19th century, our founders built trading relationships between businesses in Asia and Europe, bridging cultures and bringing people together. Our business now employs around 33,100 people. What has not changed over the last 150 years, is our business purpose: enriching people's lives.

For us, simply providing products is not enough. Of equal importance is how we conduct our business and the impact of our activities on our stakeholders. Providing access to markets and products as well as generating jobs is core to what we do, and by doing this in a reliable and responsible way, we are able to contribute to the development of markets and communities as well as to sustainable development.

"Sustainability" is one of our company values. We bring it to life through our Sustainability Framework, which focuses on three pillars:

## Our People

As a people-driven company, we seek to be an attractive employer known for our commitment to developing our talent. Built as an international business from the outset, we have always embraced diversity as one of our success factors and we continue to believe strongly in the benefits of collaborating with people from different backgrounds and with different ways of thinking. We are committed to attracting and retaining our talent by offering a safe and supportive work environment that respects human rights and enables our people to grow and fully develop their potential.

## Our Partners

Our business delivers growth for companies in new or existing markets. We partner with clients who seek our services, such as distribution, marketing or sourcing, based on our aim of delivering service excellence. We never compromise on the quality and safety of the products we are responsible for and we go the extra mile to ensure their availability for our customers and consumers. Our business is built on integrity, trust and reliability, which is why we are committed to responsible procurement. We expect the same high standards from our business partners.

## Our Planet

We acknowledge that businesses must not only be mindful of their environmental and societal impacts but also seek to leave a positive social and environmental footprint. We are committed to managing our environmental impacts through effective operational and supply chain measures and to becoming a carbon neutral company in our own operations by 2030. Focusing on the markets in which we operate, we continue to be an active supporter of our local communities, by supporting economic growth through employment and local procurement opportunities and by engaging in programs aimed at enriching livelihoods.



## Our People

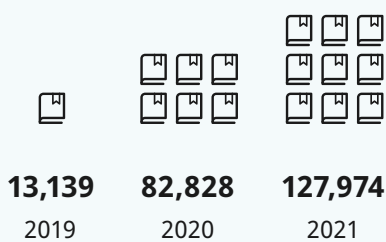
Being an attractive employer committed to developing our talent



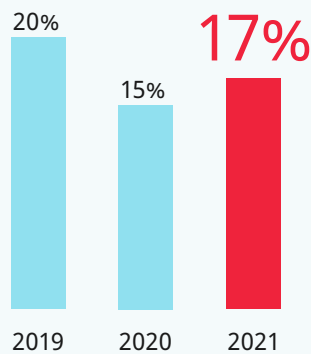
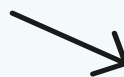
## Developing Our Talent

Expand training reach and events with a focus on blended learning

Online learning and training sessions completed



Reduce voluntary attrition rate



Increase managerial bench strength





## Embracing Diversity

Increase the representation of females in senior leadership



27%  
2020

29%  
2021

Increase the representation of locals in market leadership teams



73%  
2020

79%  
2021

Train >90% of our managers on diversity awareness



**On track**  
Launched e-learning program "Belonging" in October 2021.

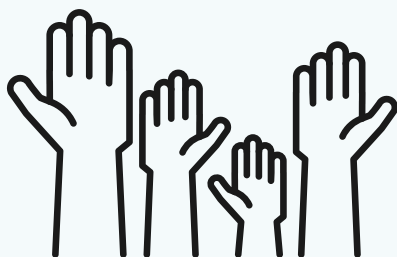
In 2022, Belonging will be included in the required learning curriculum of managers and supervisors at all levels.

## Offering a Supportive Work Environment

Expand human rights guidelines and frameworks



**On track**  
Human rights risk assessment in Malaysia initiated



Establish an employee engagement survey and improve engagement



**On track**  
Target for 2022: 75



74%  
2021

Engagement score = Engagement Index (aggregation of two questions: "How happy are you working at DKSH" and "I would recommend DKSH as a great place to work")



## Our Partners

Providing access to markets, goods and services with highest governance standards

## Procuring Responsibly

Launch a responsible procurement policy and related training



**On track**

Aiming for implementation in 2022

Establish a roadmap to assess suppliers

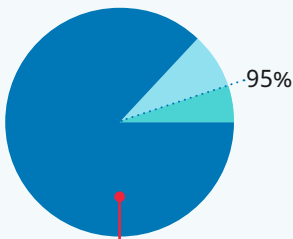


**On track**

Roadmap established and under implementation

## Delivering Service Excellence

More than 95% of employees completed business ethics training



87%

2021

100% of relevant sites have a Business Continuity Plan in place



**On track**

Finalized preparations for rollout in 2022

Strengthen health and safety approach to achieve zero-high-consequence injuries (HCI)



Year	2019	2020	2021
High-consequence injuries (HCI)	1	1	0





## Our Planet

Taking responsibility for our environmental and social impact

### Managing Our Environmental Impact

Achieved climate target ahead of time – reduced Scope 1 and Scope 2 emissions by 39.9% against 2020 levels, ahead of reduction target of 35% by 2025

New goal to reduce 65% of Scope 1 and Scope 2 emissions from 2020 levels by 2025

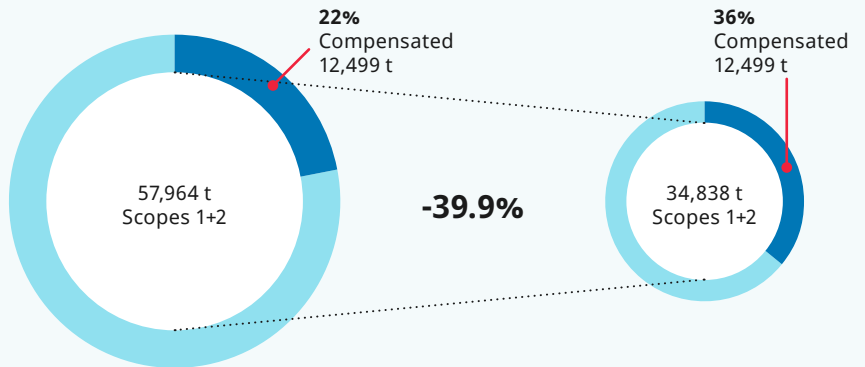
Create transparency on waste and expand eco-friendly packaging

**On track**  
Pilot Guideline for Waste Management in Thailand this year; intended for roll-out to other markets. Evaluate eco-friendly packaging.

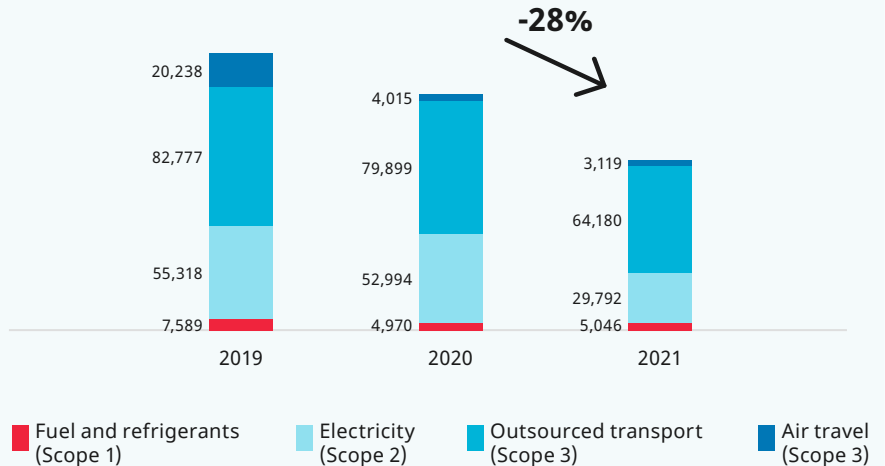
Achieve climate neutrality in our own operations by 2030

Greenhouse Gas Emissions 2020 (Market-Based Accounting) in metric tons CO<sub>2</sub> equivalent

Greenhouse Gas Emissions 2021 (Market-Based Accounting) in metric tons CO<sub>2</sub> equivalent



Greenhouse Gas Emissions (Market-Based Accounting) in metric tons CO<sub>2</sub> equivalent



### Being an Active Community Member

More than 90% of significant locations engage in local community activities

100%	80%	90%
2019	2020	2021

# Environment

## 39.9%

reduction in our own emissions, achieving our 2025 target four years early

## 65%

New GHG emission reduction target (Scope 1 and Scope 2 set for 2025)

## 7

markets, including Switzerland HQ, use 100% renewable energy

**“34,474 MWh of electricity use across seven markets is backed by International Renewable Energy Certificates (I-RECs).”**



The impact of climate change affects us all and the scientific evidence is clear – urgent action is needed by everyone to cut emissions to avoid the worst consequences of climate change. As a multinational company, our first priority to the environment is to reduce or eliminate carbon emissions at source.

In recent years, we have reduced our emissions through implementing efficiency measures in our transport and energy use. In 2021, we purchased renewable electricity through our local energy providers in the Philippines, Italy and Switzerland. In other markets including Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, Singapore and Vietnam, we have begun to purchase International Renewable Energy Certificates (I-RECs).

We reduced our own GHG emissions by 39.9%, achieving our target four years early (35% reduction across Scope 1 and Scope 2 against our 2020 baseline by 2025).

Thus we defined a new target aiming for 65% reduction across Scope 1 and Scope 2 emissions against our 2020 baseline by 2025.

In addition to energy efficient resource use, we are also reviewing our approach to waste management, building on the waste management guidelines we developed in 2020. We initiated a pilot for implementing new waste management procedures in Thailand. After concluding the pilot, we will roll out the revised waste management concept to further markets.

Towards the end of 2021, we initiated a project using paperless contracting and invoicing systems with our customers. This project, currently being trialed in Malaysia and Singapore, should lead to greater efficiency and improved accuracy whilst eliminating paper usage.



### **Greening parking facilities for landmark retail mall in Hong Kong**

“Through our Business Unit Technology, we developed and installed a charging infrastructure for electric vehicles (EVs) at a retail mall in Hong Kong. As Hong Kong moves ahead with its road map on popularizing EVs to phase out combustion-engine vehicles by 2035, the adoption of emission-free vehicles and EVs is set to increase. Our customer, anticipating shoppers’ needs, similarly envisioned the future of retail malls to be electric.

DKSH conducted a comprehensive feasibility study of the mall’s capability to house EV chargers at its premises, planned the installation of EV chargers and customized the software with a user-interactive EV charger kiosk to house the system. Post-installation, we performed field studies to evaluate performance, monitor potential risks and fine-tuned the system for optimal performance under various operating conditions. We also provided user and system training as well as after-sales services support.

The EV charging facility now operates reliably, accurately and efficiently. Integration with the membership and retail management systems improved EV users’ experience, ultimately helping to boost spending and increased visits from owners of EVs.”

*Keith Ling, Senior Manager, Technical Sales & Project Engineering, IOT, DKSH Hong Kong*



### **Harnessing clean, renewable energy through rooftop solar panels**

“Taiwan is one of our significant locations of operation, and accounts for approximately 22% of our global electricity consumption. To minimize our warehousing footprint, we made a conscious decision to prioritize environment considerations in the building design when planning for a new distribution center.

Our new healthcare distribution center in the Yangmei District in Taoyuan City demonstrates many features of environmental design. The structure incorporates a solar rooftop, with 3,480 photovoltaic panels covering approximately 90% of the roof. The solar panels can generate a maximum capacity of about 1,100 kilowatts of renewable energy which feeds back into the national grid, thereby contributing to the overall decarbonization of Taiwan’s energy supply.

The building has an energy-efficient power supply system which minimizes overall usage whilst allowing for higher consumption during periods of peak demand. It is also equipped with a smart Building Management System (BMS) that provides round-the-clock surveillance of the building’s vital structures and systems, automatically adjusting to changes in conditions.

With a purpose-built facility designed with the environment in mind, we can achieve optimal performance in our service delivery and minimize our environmental impacts.”

*Erica Gilcrist, Director, Program Management – Distribution Center*





### Innovating product design for sustainability

“At Maurice Lacroix, our own Swiss watch brand, we are addressing responsible sourcing of raw materials, which has become a pressing issue within the international watch industry. Combining decades of traditional watchmaking craftsmanship in Saignelegier, Switzerland, with modern innovation from Tide Ocean SA (#tide), we have reinvented our iconic watch series, Aikon, which was first launched in 2016.

The new Aikon #tide, launched in March 2022, has incorporated sustainably sourced #tide ocean material® – an award-winning resource which uses upcycled plastic waste recovered from oceans in Thailand, Indonesia and the Philippines – in its construction. The watch packaging is also made entirely out of #tide ocean material®, and is designed to be re-used as a mug. With every Aikon #tide watch, we are helping to recover approximately 17 plastic bottles from the ocean.

In December 2021, Maurice Lacroix embarked on an ambitious initiative to save 10 million plastic bottles by closing the cycle of plastic waste pollution with #tide. This year-long collaboration is aimed at protecting marine life in Thailand through sponsorship of plastic collection activities that benefit the Ranong Recycle for Environment program in Koh Chang and support workers in Surin and other islands. We are also supporting the Jan & Oscar Foundation, a Swiss non-profit organization, to create educational programs to raise environmental awareness among local communities in Thailand.

“With transparency of our supply chain, we can expand sustainable product innovation beyond its benefit to consumers to include meaningful environmental and social benefits.”

*Stéphane Waser, Managing Director, Maurice Lacroix*



## Social

**29%**

of our senior management  
are women

**>127,000**

online learning and training ses-  
sions completed

**>80 million**

COVID-19 vaccine doses  
distributed



**“We operate in a socially responsible manner with due consideration to the requirements of our stakeholders.”**

Living up to our purpose of enriching people’s lives, DKSH continued to play a critical role in responding to the ongoing global COVID-19 pandemic. We delivered more than 80 million doses of COVID-19 vaccines, and reliably supplied pharmaceutical products and daily essentials across Asia Pacific. While ensuring an uninterrupted supply chain even to the remotest areas in some of our markets, the health and safety of our employees remained our highest priority.

As a services company, our nearly 33,100 employees bring our values to life and their talent, commitment to our customers and pride in DKSH are key to our business success. We have strengthened our approach to promoting diversity in our workforce, through implementing hiring and talent development practices as well as introducing a Belonging@DKSH initiative in 2020. In 2021, 55% of our employees and 51% of our managers were female. Our senior leadership increased to 29% females, up from 27% in 2020, and we are committed to further improving the representation of women in our leadership to more than 33%.

The Fantree Academy, our in-house learning and development center, supports employee growth with more than 1,500 learning and development programs offered in every market. We believe that learning agility combined with trust, collaboration and feedback are the keys to a successful future for our people and our company, and we are committed to creating a learning culture that enables our people to develop and grow, especially with the world of work continuing to change.

During 2021, as part of our commitment to the local communities we operate in, we supported 35 charitable projects. For example, in the second year of our three-year partnership with Right To Play and Liverpool FC Foundation, we engaged with local communities that were most impacted by the pandemic, by donating food items and other consumer goods products to more than 1,000 households throughout Bangkok, Thailand.



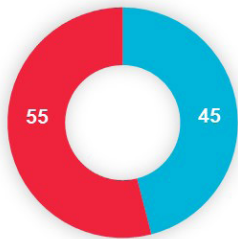
# Belonging@DKSH



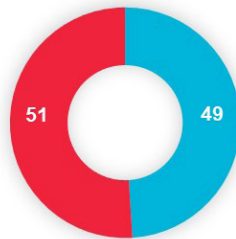
## What is Belonging@DKSH?

DKSH emphasizes diversity and inclusion in its workforce, to ensure a well-rounded workplace with a healthy mix of varied perspectives and characteristics. Belonging@DKSH is an initiative to drive diversity, equity, and inclusion at DKSH. It reflects our belief that we will achieve more when our employees feel they can be fully themselves at work. It is a natural extension of our culture, our purpose, and our values.

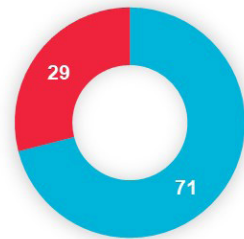
Percentage of Employees by Gender



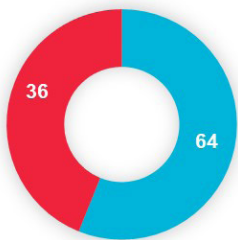
Percentage of Managers by Gender



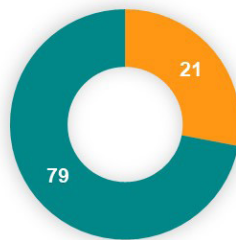
Percentage of Senior Management by Gender



Percentage of Market Leadership Teams by Gender



Percentage of Market Leadership Teams by Nationality



● Females    ● Locals  
● Males     ● Non-locals



## Key Initiatives for Belonging@DKSH

- Launch engagement surveys and awareness trainings
- Embed belonging-related practices into formal guidelines
- Launch e-learnings about belonging and hiring practices
- Establish new practices around recruitment and talent development



# Governance

Dedicated **Board**  
member for Sustainability

Quarterly Sustainability  
**Committee**  
meetings

**Integrity Line**  
fully operative



“We strive to maintain the highest standards and ethical values in all our business activities with our employees, stakeholders and third parties.”

Our success is rooted in collaborative, ethical and sustainable leadership. At DKSH, governance of sustainability is assumed by the Board of Directors of DKSH Holding Ltd. through setting the strategic direction for the DKSH Group and overseeing strategy execution, as guided by the Group’s values and its sustainability policy and associated commitments.

The Executive Committee is tasked with executing the sustainability strategy, assisted by a Sustainability Committee made up of representatives of Business Units and support functions, tasked with the planning, coordination, monitoring, and reporting of sustainability initiatives and actions.



Business conduct at the highest ethical standards represents the foundation on which our business is built, as enshrined in our Code of Conduct. Training and education activities were undertaken in 2021 to continually ensure understanding of expectations at all levels of the organization and to promote speaking up over concerns of improper behavior. Integrity Line, our confidential reporting tool, saw its first year of full operation, with several reports received and diligently followed up.

#### **Sustainability Committee**

In 2021, the Sustainability Committee met quarterly to inform, discuss or align on regulatory developments, objectives, key initiatives, projects, or actions, and to monitor corresponding progress, and for knowledge exchange and the sharing of success stories. Subsequent to each Committee meeting, the Committee Chair jointly with the Corporate Sustainability Team met with the CEO and other members of the Executive Committee, as well as twice a year with the Board member appointed for Sustainability, to report on the work of the Committee and to obtain guidance.

To further cascade sustainability matters within the organization, and by mirroring the governance framework at Group level, several Business Units and functions have begun to formalize sustainability management at their level. Sustainability Champions support implementation of sustainability measures at the local level and provide important feedback to the Sustainability Committee via their Business Unit or function representative.

#### **Championing Sustainability at Business Unit Consumer Goods**

Business Unit Consumer Goods is committed to making sustainability central to its business operations.

In 2021, the team set up a sustainability organization, comprising Sustainability Champions from each of their markets to identify sustainability priorities and mobilize action through coordinated activities. Product waste reduction has been identified as one of the core topics to be addressed.

In March 2022, DKSH signed an agreement with the Global FoodBanking Network and subsequently the Sustainability Champions began to establish relationships with local food banking partners in each of our markets. A Product Waste Reduction Tool Kit was developed and deployed to create awareness on the issue of product waste and to encourage the Business Unit Consumer Goods to work collaboratively to reduce it.

“Each of the markets across Asia Pacific brings with it its own complexities and nuances, yet there are certain aspects of sustainability that they all share. The Sustainability Champions are the experts in their own markets, they drive and support the agenda with their peers locally and they contribute to our global vision and strategy by sharing best practices and bringing forward ideas. It’s been an enriching experience working with such a motivated and diverse group of people and it reinforces that sustainability is as much about the people at DKSH as it is about the company. We’re starting with modest objectives in 2022, but already I can sense that Business Unit Consumer Goods has more to offer and I look forward to working on additional projects in the years to come.”

**Reece Croucher, Vice President Group Sales Operations, Digitization and Sustainability**

# What Really Matters: Our Materiality Matrix

DKSH periodically conducts materiality reassessments to ensure ongoing relevance of topics impacting our stakeholders. Our 2021 review included the integration of updated information from business partners, analysts, media, investors, and sustainability rating agencies. When defining report content, we have considered all significant aspects of our business along the value chain. Due care was taken for the preparation of this report through application of the reporting principles of stakeholder inclusiveness, sustainability context, materiality, and completeness to the best of our ability.

Expectations expressed by important stakeholder groups, such as employees (via employee surveys), clients and customers, were taken up via direct feed-

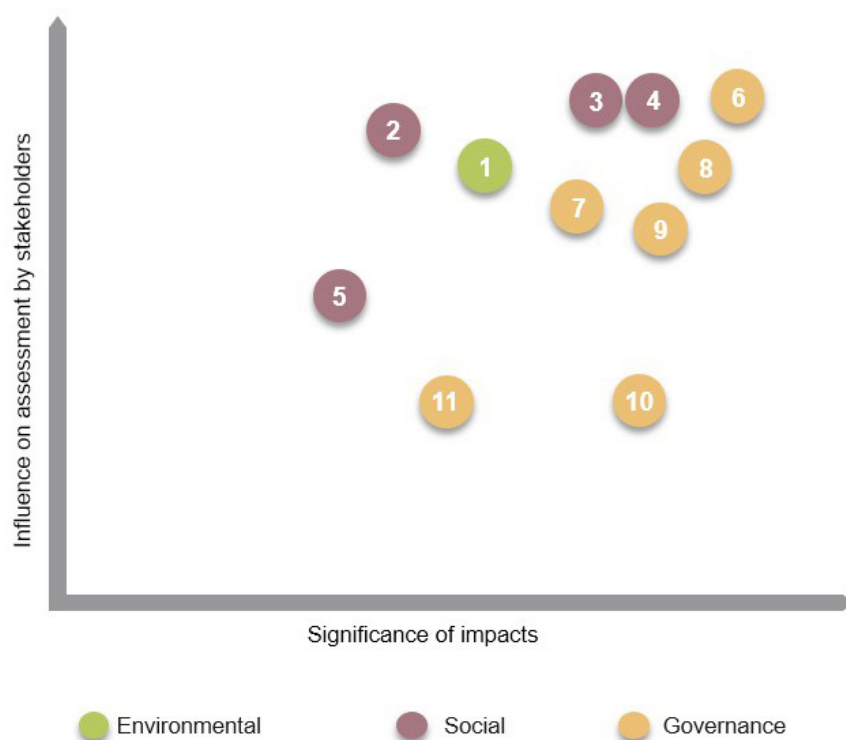
back. In fact, many of our top clients and customers have adopted sustainability principles and reporting standards, and they expect DKSH to play its part in their upstream or downstream supply chains. These expectations also relate to stakeholder groups that DKSH does not directly engage with – such as consumers of healthcare products and fast-moving consumer goods.

Overall, through stakeholder interactions, we assessed our material topics to be current, with some shifts in the placement on the matrix. Environment and People related topics were further broken down to reflect specific stakeholder interests, foremost by clients, customers, investors and through emerging regulation, relating to waste management and diversity.

Specific stakeholder interests in supply chain matters triggered an evolution from a more general and locally focused “Procurement practices” to “Responsible procurement” incorporating social aspects.

During 2022 we will be conducting a 'double materiality' assessment to inform our future sustainability strategy focus areas, stakeholder engagement and reporting in line with evolving stakeholder expectations, disclosure frameworks and legislative requirements, including the EU Taxonomy.

**GRI 102-40, GRI 102-42 to 44, GRI 102-46 and 47**



1. Environmental Responsibility
  - Energy and Emissions
  - Waste Management
2. Responsible Procurement
3. Our People
  - Developing our Talent
  - Embracing Diversity
  - Supportive Work Environment
4. Occupational Health and Safety
5. Local Communities
6. Anti-Corruption
7. Economic Performance
8. Customer Health and Safety
9. Marketing and Labeling
10. Information Security
11. Market Presence



# Environment

# Environmental Responsibility



Climate change and the resulting adverse effects on nature and mankind is a huge global challenge and DKSH is committed to playing its part in averting disastrous global warming. Most of our greenhouse gas emissions result from our operations in our significant locations in South East Asia and Greater China, primarily from logistics (warehousing and transport).

Historically, our management approach has primarily been compliance-led, with a particular focus on applicable environmental rules and regulations in the respective countries of operation, as mandated by our Health, Safety and Environment (HSE) policy.

The policy underlines DKSH's commitment to conducting our business in an environmentally responsible manner and local HSE managers are tasked with maintaining a register of applicable national environmental laws and regulations and for ensuring compliance across all our operations.

Today, we are taking a more proactive approach to environmental responsibility, through significantly reducing our reliance on fossil fuels, investing in renewable electricity and green buildings, and compensating for emissions through purchasing Gold Standard carbon offset certificates.

## **Our Commitment**

Optimizing the effectiveness of our distribution system via continuous improvement of our supply chain processes while reducing energy consumption, emissions, waste and other environmental impacts.

Our progress will be supported by an enhanced HSE Management System, referencing ISO 14001, which was developed in 2020 and deployed in 2021. The local country HSE Steering Committees are responsible for ensuring its effective deployment across all markets, with local HSE Managers supporting the practical implementation of management systems and processes.

### Logistics Operations

To distribute our clients' products and our own, DKSH operates 160 distribution centers (DCs). Our DCs and warehouses are typically leased, with a few of them built-to-suit. They account for a significant part of our carbon footprint. Energy is consumed for lighting, cooling, heating and operating forklifts and other handling equipment. Most of our handling equipment is battery-operated. Temperature-sensitive products may require storage and transport in air-conditioned vehicles or in special transportation boxes. Therefore, the use of refrigerants and the resulting fugitive emissions form part of our carbon footprint.

Our capillary distribution network serves several thousand customers daily. Our own fleet of vehicles is comparatively small. Most of our outbound deliveries are handled by transport service providers that we select based on quality, reliability and, increasingly, fuel efficiency. One of our most significant impacts relates to vehicle fuel consumption. More than 95% of our outsourced fleet is diesel-powered, although some vehicles run on compressed natural gas or gasoline, and route optimization is key for operating efficiency. To increase efficiency and tackle emissions for our fleet and haulage carriers, we use a specialized software targeting transport. In 2021, we focused on further implementation of that software in Thailand and Malaysia, where, alongside our outsourced fleet, the software is now also being used for our chartered fleet. Chartered fleet refers to vehicles rented on a monthly basis while outsourced fleet refers to transport services paid per trip/case. During the year, we optimized the mix of trucks in our fleet to improve fuel efficiency and reduce fuel consumption, and we also reduced the number of trucks. We aim to expand use of the software to other markets.

We ensure the safe storage, handling and transportation of dangerous goods and hazardous chemicals that we distribute. To standardize our approach across our global business, we released our Dangerous Goods and Hazardous

Chemicals Guidelines in early 2021 as part of our environmental management system, which sets clear standards and provides guidance to personnel in assigned roles and responsibilities. Where appropriate, we rely on the services of carefully selected specialized outsourcing services providers whilst retaining oversight of our supplier performance. During 2021, we had one minor incident involving non-compliance with environmental regulations which resulted in a fine of CNY 10,000 (approximately CHF 1,500). The incident, in China, related to a violation of the Regulation on the Prevention and Control of Marine Environmental Pollution by Ships due to a failure to submit a "Dangerous Goods Declaration" within the required 24 hours before goods arrived at port. The safety of the shipment was not compromised, and internal processes were consequently reviewed and strengthened to prevent similar breaches occurring in the future.

#### GRI 307-1

### Business Travel

Under normal circumstances, travel is a key part of our business, although internal approval systems operate to prevent unnecessary travel. Most journeys are made via business flights, via road by sales and service teams in their own cars, and via public transport.

We experienced a significant drop in business travel in 2020 and 2021 as a result of the COVID-19 pandemic. While deliveries of goods were able to proceed, meetings with customers were restricted, and most marketing activity switched to online campaigns, new digital marketplaces and webinars. Meanwhile, our Business Unit Performance Materials developed an innovative webinar tour on Green, Clean & Ethical Cosmetics for our customers, which involved our lab specialists creating several formulations prior to the webinar and sending the samples to participants in advance, to allow them to create a hybrid digital/physical experience.

While emissions from air travel continued to be low in 2021, we expect these to gradually rise as we move out of the pandemic and international travel resumes. However, we do not anticipate that travel will recover to pre-pandemic levels, as our customers and sales teams are now able to take full advantage of the successful digital communication tools that are now in place.

### Waste Management

With a comparatively small manufacturing footprint, both in our own operations and those we directly outsource, the bulk of our waste is comprised of packaging materials from our logistics.

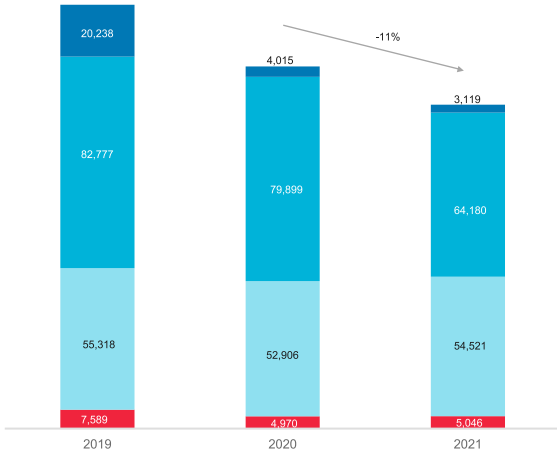
Preparing goods for delivery requires mostly cardboard boxes and plastic film for pallet wrapping, and packaging waste is also generated from incoming shipments. Healthcare cold chain goods, in particular, need extensive packaging to protect temperature-sensitive items.

Waste may also accumulate from goods that become unsaleable due to expiry or for other reasons, from administrative activities (office waste) and from redundant IT equipment.

Following the introduction of the DKSH Guidelines on Waste Management in 2020, during 2021 we initiated a pilot in Thailand to establish higher transparency on waste and to standardize the collection of waste data across markets. Currently, the Thailand distribution centers are completing monthly reports quantifying the waste generated, disposed of and recovered. The data is categorized by material type and whether or not the waste is hazardous. After fine-tuning and stabilizing the data collection, the initiative will be cascaded across the region to all DKSH's significant operations and will form the basis for setting improvement objectives to reduce waste overall and increase the quantity of waste materials that are recovered or recycled.



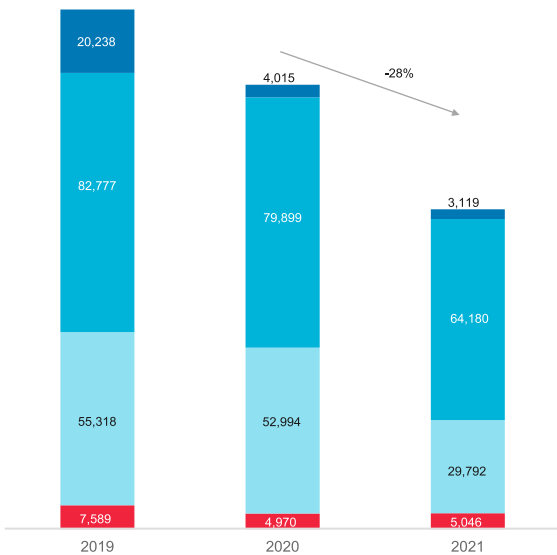
**Greenhouse gas emissions (location-based accounting)**  
in metric tons CO<sub>2</sub> equivalent  
**GRI 305-1 to 305-3**



Graph shows gross emissions, where Scope 2 figures are calculated using location-based factors for each market, relating to the carbon-intensity of the national grid.

- Fuel and refrigerants (Scope 1)
- Electricity (Scope 2)
- Outsourced transport (Scope 3)
- Air travel (Scope 3)

**Greenhouse Gas Emissions (Market-Based Accounting)**  
in metric tons CO<sub>2</sub> equivalent  
**GRI 305-1 to 305-3**



Graph shows net emissions, where Scope 2 figures are calculated using market-based factors relating to the carbon intensity of the electricity we are buying from our energy providers plus our additional purchases of I-RECs.

While I-RECs show 0 g CO<sub>2</sub>/kWh, for transparency reasons, we mention the global averages for emissions related to hydropower here.

For Hong Kong and Myanmar we purchased China I-RECs. These I-RECs were generated by hydroelectric dams. The global averages for hydropower from reservoirs/dams are:

- direct emissions (Scope 2) in tropical regions: 38.8 g CO<sub>2</sub>e/kWh. In non-tropical regions: 5.8 g CO<sub>2</sub>e/kWh
- indirect emissions (upstream Scope 3) in tropical and non-tropical regions are: 6 g CO<sub>2</sub>e/kWh

For our consumption in Cambodia, Indonesia and Vietnam, the respective I-RECs were generated from run-of-river hydro. The corresponding global average emission factors are:

- direct emissions (Scope 2): 0 g CO<sub>2</sub>e/kWh
- indirect emissions (upstream Scope 3): 4.1 g CO<sub>2</sub>e/kWh

This data has been provided by our service provider for purchasing RECs with reference to the Ecoinvent 3.8 emission factor database.

**Energy Usage in our Operations, by Activity**  
in MWh  
**GRI 302-1**



1. 38% of electricity used is either purchased under a green tariff from our supplier or is covered by centralized purchases of unbundled renewable energy certificates (I-RECs).
2. Fuel used in equipment such as forklift trucks and back-up electricity generators.

For more information, see Reporting Approach, pages 30-31.

- Electricity in our facilities<sup>1</sup>
- Fuel usage in our facilities<sup>2</sup>
- Fuel usage by our fleet

### Promoting Environmentally Responsible Practices

In 2020, DKSH initiated a Group-wide program called “faster-leaner-greener” (FLG). Living our value of collaboration, all markets nominated a dedicated FLG-representative to share learnings and best practices with the wider team. DKSH has since implemented around 200 FLG initiatives inspired by employees and replicated across other markets. Examples range from ‘quick fixes’, such as providing clear labeling at recycling stations, to wider operational changes, such as switching to digital signatures and approval processes.

In 2021, a focus has been given to waste reduction. This has included eliminating single-use plastics, ensuring that electronic waste is responsibly managed, reducing paper usage and improving recycling across our sites.

The official program ended at the end of 2021, yet the learnings and spirit endure within our organization as “Faster-Leaner-Greener” has led to us changing our habits and our mindset.

In late 2021, we intensified our digitalization journey by automating certain stages of our customer transactions. Through utilizing digital technologies, we have created a paperless system for greater efficiency and higher accuracy while reducing our environmental footprint through eliminating paper usage and printing. This project, which is currently being piloted in Malaysia and Singapore, will be implemented in other markets where paper-based processes are still practiced.

### Our Targets Energy Consumption and Carbon Emissions

We have been reporting the carbon emissions related to our operations since 2018 and have launched several initiatives to reduce our carbon footprint. In addition to reducing fuel consumption, DKSH started a program in 2019 to offset progressively more of its carbon emissions each year, with the aim of becoming climate neutral in our own operations by 2030.

In 2021, as well as reducing our direct fuel use, we increased our purchases of renewable electricity. Our food-blending plant in the Philippines switched to 100% renewable electricity in early 2021. We also purchase renewable electricity from our energy provider for our operations in Italy and the DKSH operations in Switzerland; our Maurice Lacroix business in Switzerland purchased a further 10 MWh of renewable electricity. For other markets, we have begun to purchase International Renewable Energy Certificates (I-RECs) in order to achieve our target of climate neutrality in our own operations by 2030. For 2021, we have purchased 34,474 I-REC Certificates, equivalent to 100% of our electricity use in Cambodia, Hong Kong, Indonesia, Myanmar, Singapore and Vietnam, plus 67% of our electricity use in Malaysia.

We have achieved our carbon emissions reduction target four years early, which was to reduce carbon emissions from our direct operations by 35% by 2025 against our 2020 baseline. In calculating the carbon emissions reduction, we have compared 2020 and 2021 data calculated using the market-based approach for Scope 2. In 2021, we had achieved 39.9% reduction in carbon emissions (Scopes 1 and 2) in our own operations through various initiatives:

- reduce emissions at source by optimizing our transport routes and ensuring more efficient use of electricity across our sites
- expand the purchase of renewable electricity directly from energy providers across our main markets
- purchase I-REC Certificates as a credible claim for renewable energy use, in compliance with the GHG Protocol Scope 2 Guidance.

We further reduce our climate impact by offsetting emissions through Gold Standard carbon credits that also support high-impact projects. Given the early achievement of the above mentioned target we also updated our carbon emissions reduction target. The new target for 2025 is a 65% reduction against our 2020 baseline.

### Reporting Approach

Data on refrigerants, fuels and upstream transportation is captured for markets with the highest usage of refrigerated storage and the largest distribution networks. These include Cambodia, Hong Kong, Malaysia, Myanmar, New Zealand, Singapore, Thailand, Taiwan and Vietnam. Fuel usage includes CNG, LPG, diesel and gasoline for our internal fleet of delivery vehicles and back-up electricity generators. For outsourced logistics services, major suppliers provided diesel consumption data in liters from bill data. In 2021, the outsourcing provider in New Zealand has provided us with emissions data directly. For consistency, all fuel properties and carbon intensity factors were sourced from UK Government GHG Conversion Factors for Company Reporting (2021 edition). The Global Warming Potentials applied are from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period.

We collect data on electricity consumption from bills received from utility suppliers for almost all of our markets. For our US market, we have extrapolated energy data from cost data, and for our small UK market we do not report data since electricity consumption is charged through a building services fee.

From 2021, the most recent figures available from the International Energy Agency on the carbon-intensity of national electricity supplies are applied to all countries. In previous years, we had applied Location-Based Factors according to the following hierarchy: 1) government source (as recent as possible, by state if available); 2) IEA 2012; 3) nearest neighbor (since neither 1 nor 2 was available for Guam, we used the government factor for the nearest country, the Philippines).

For Market-Based Factors, this year we continued to apply the following hierarchy: 1) electricity supplier factor (or centralized I-REC purchases); 2) credible residual factor source (e.g., RE-DISS for European countries); 3) same as Location Based Factor. For I-REC purchases, we match the sourcing country to the country of consumption, and the production year to the consumption year, wherever possible. In cases where this is not possible, for example Myanmar has no such energy certification system, our provider recommends the most appropriate substitute.

Biogenic emissions only relate to bio-fuel content of transport fuels and are considered negligible. All relevant greenhouse gases are included in the calculation, i.e., CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, and the effects of radiative forcing for business flights. The consolidation approach for emissions is operational control.

All figures concerning energy use and refrigerant use within buildings relate to distribution centers and offices; the company also has a small retail footprint in some markets such as Thailand; these shops are mainly leased units within large complexes, with limited or no access to energy data. All retail data is excluded as considered to be not material for the Group's footprint.

For business travel, kilometers flown data was extrapolated based on flight spend data for all markets (with the exception of Myanmar, for which we could not obtain comparable spend data). UK Government GHG Conversion Factors for Company Reporting (2021 edition) were applied to convert kilometers to CO<sub>2</sub>e (including RF). To streamline reporting, we now apply the "international not to/from UK" factor, with "average" seat class, to all flights; previously for domestic flights, we applied the "domestic" factor, irrespective of country.

We also prepare a carbon disclosure in line with CDP Climate Change. CDP is an international non-profit organization that aims to establish business norms for environmental reporting and risk management. Given its relevance to both business partners and investors, DKSH has published CDP disclosures since 2016. For information on our latest carbon disclosure, please visit the CDP website at:

<https://www.cdp.net/en/>



#### Target

Achieve climate neutrality in our own operations by 2030.

#### Achievement

We have reduced our own GHG emissions (Scope 1 and Scope 2) by 39.9%, four years ahead of target. Therefore, we have increased the target to 65% of own GHG emission reduction by 2025. We purchased 34,474 I-REC Certificates, representing the consumption of 34,474 MWh renewable electricity by our operations in Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, Singapore and Vietnam.



**Social**

# Our People



Enriching people's lives is part of our core purpose and this extends beyond our goods, services and insights to our global workforce. We offer safe, healthy workplaces and we follow fair employment practices in line with the principles outlined in our Code of Conduct: respecting human rights and offering equal opportunities, investing in talent and supporting our people in their personal growth.

We focus on promoting diversity, equity, and inclusion to build a workplace and create an employee experience where every employee has the opportunity to learn and grow, to receive appreciation, recognition, and reward for their work, and to feel valued and supported for who they are.

In 2021, DKSH won a total of 17 HR awards across various markets, including HR Asia's award for 'Best Companies to Work for in Asia 2021' in Cambodia and Vietnam.



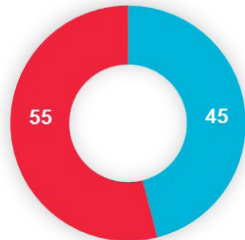
## Belonging@DKSH Priorities

- Increase representation of women in middle and senior leadership (2021: 29%; 2020: 27%)
- Increase the share of local nationals in market leadership teams (2021: 79%; 2020: 73%)
- Strengthen employee engagement – launched global employee engagement survey in 2021 to gain insights on employees' perceptions about equality, opportunity, caring, and belonging

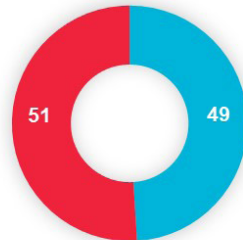
In 2021, 55% of our workforce and 36% of our market leadership teams were women (see charts below). For our approximately 200 senior-most leaders, the ratio was 29%. There are currently no women on the Executive Committee, however, the share of women in the Board of Directors, DKSH's highest governance body, is currently 25%. This is partially due to the current and historic underrepresentation of women in the science, technology, and logistics talent pools. We are committed to diversity at all levels in the organization. We have embedded diversity- and belonging-related practices into formal guidelines and have introduced education on diversity, equity, and inclusion in both daily management and in hiring practices. These efforts will help us improve in all three priority areas.

## Gender and Nationality Split at DKSH

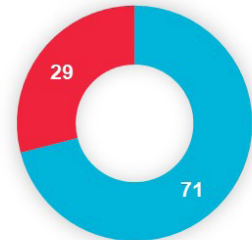
Percentage of Employees by Gender



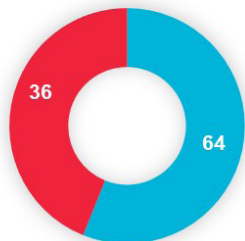
Percentage of Managers by Gender



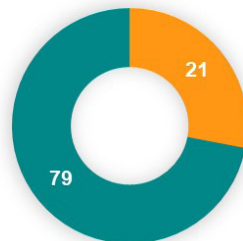
Percentage of Senior Management by Gender



Percentage of Market Leadership Teams by Gender



Percentage of Market Leadership Teams by Nationality



● Females    ● Locals  
● Males    ● Non-locals

### Enabling Personal Growth and Recognition

To grow our business, we need to create the right conditions for our people to thrive. The diversity of our business and the industries we serve offer significant learning and development opportunities to our people. We provide hands-on experience, empowerment and stretch assignments to develop employees. These, combined with feedback and learning from others as well as formal training from our Fantree Academy, provide a balanced development approach known as “70-20-10” where 70% is based on learning on the job, 20% from learning through others and through continuous feedback, and the last 10% from formal courses.

At DKSH, we encourage our people to own their professional development. We promote internal talents whenever possible instead of hiring externally. All open positions are advertised in an internal job market, and we enable internal mobility including international assignments. For management level positions, the ratio of internal promotions versus external hiring is a closely monitored performance indicator.

In early 2021, DKSH launched an enhanced “HR scorecard” to enable team leaders to better monitor and manage relevant KPIs such as attrition, diversity, internal fill, and managerial bench strength.

Since 2013, we have built our in-house learning and development center, “Fantree Academy”, with curricula built on the pillars of Leadership, Functional Skills and Essential Skills. Our training curricula are complemented by programs addressing other important matters, such as ethics and compliance, employee onboarding and health and safety.

Training is typically delivered through online, classroom, on-the-job or external assignments. COVID-19 has resulted in a significant shift to online training and postponements of in-person trainings. In 2019, more than 90% of training sessions were conducted in classrooms, whereas in 2021, 90% of training was conducted online, facilitated by a learning management system introduced in 2019.

To increase training effectiveness, we are favoring shorter, more intense learning sessions, with an emphasis on on-demand digital learning.

Employees can access various online and offline sessions according to their individual needs and interests. In 2021, 78% of employees received training, completing almost 128,000 training sessions both online and offline. This resulted in an average of 5.3 training hours annually per employee.

#### GRI 404-1

Overall, the launch of the new learning management system resulted in a significant increase in training reach. Whereas before, employees had access at most to a few dozen programs, there are now more than 1,500 unique learning items catalogued. Going forward, we will increasingly use a blended approach to learning that combines self-paced digital learning, in-person learning, on-the-job application, and peer-to-peer sharing sessions.



## Fantree Academy: Keeping Relevant to Meet Future Needs

### A Shift Towards Development

- In 2019, DKSH implemented a learning management system
- This allowed us to move to an on-demand, digital-first learning approach
- Instead of full-day classrooms, we developed shorter, more relevant self-paced learning
- The result: in 2021 we reached 78% of our employees and have significantly increased the number of learning hours per employee

## Development of In-House Learning Pre- and Post-COVID-19

### 2019 (pre-COVID)

**40,500**  
hours of learning



**19% of employees**  
received learning



**<2 hours**  
of learning per employee



**>90% classroom**  
classroom learning

### 2021

**145,000**  
hours of learning



**78% of employees**  
received learning



**5.3 hours**  
of learning per employee



**90%**  
online learning

Recognition is a key part of our approach to retaining talent. In addition to training, on-the-job opportunities for growth, and internal mobility, DKSH celebrates those employees who have most embodied our corporate purpose, values, and People DNA through the DKSH Fantree Awards. Individual employees or teams are encouraged to nominate colleagues at the market level. Awards are recognized and celebrated during town hall meetings and given by members of senior management. In addition to local awards, six corporate-level awards acknowledge extraordinary contributions, and the winners present their success stories during a ceremony at a Board of Directors meeting.

**Performance and Feedback Culture**

Employee performance is measured against mutually agreed quantitative and qualitative objectives and is linked to remuneration. All employees participate in a formal annual appraisal with their manager.

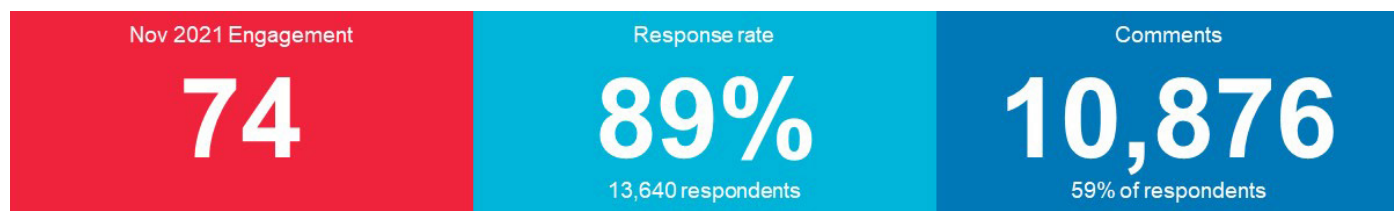
For management-level employees, this is carried out via the DKSH Talent Portal, an online performance and talent management solution and includes a personal development plan. Regular dialogues between managers and employees on development objectives, including constructive feedback, are also a part of their development journey at DKSH.

Plans were made for the objective setting process to be moved to SuccessFactors in 2022, a new platform that further eases the planning and dialogues that occur. Through a combination of developing and bringing in new talent, we have further enhanced the capability of our Human Resources employees to better support our business leaders in building high-performance teams and setting meaningful performance objectives.

In 2021, DKSH introduced surveys to gather employee feedback on various topics, including engagement, onboarding, and exit surveys. This survey provides a valuable baseline against which we measure progress in building a culture of high engagement and high performance. Our YourVoice@DKSH engagement survey was conducted in May and November, reaching all employees with company email addresses which consisted of more than half of DKSH’s total headcount. We commit to conducting this survey twice a year to understand employee experience at DKSH, and in 2022, we will be expanding the survey population to include all employees by increasing survey access options.

We are progressively introducing a more comprehensive performance review process to include a reflection on our values, individual targets, and development plans. This was completed for 26% of employees in 2021 (2020: 23%). All decision-making with respect to appraisals, development opportunities, and promotions uphold our equal opportunities commitment.

**GRI 404-3**



### Creating a Supportive Work Environment

Providing a work environment that is conducive to people performing at their best includes offering relevant benefits to the workforce. DKSH provides a variety of benefits to its employees, based on applicable policies in the countries of operation. Standard benefits, with some variation by market, include life insurance, healthcare, disability and invalidity coverage, statutory retirement provision and parental leave. Benefits related to stock ownership are limited to eligible key managers of the company (Annual Report 2021, page 44). Our practices with respect to providing benefits exceed applicable legislation in many cases. In four out of 10 significant locations (ref. GRI 102-4 for definition), the benefits provided to part-time and temporary employees are identical to those of permanent full-time employees, and in five other markets some of the benefits are only provided to full-time employees. In one market, no voluntary benefits are provided to part-time or temporary employees.

#### GRI 401-2

In this fast-changing world, technology allows us to work differently and efficiently in a non-traditional work setting. At the start of 2021, DKSH launched a global Flexible Work Arrangement policy, giving employees more ownership on how and where they work from. As an employer, DKSH empowers its employees by facilitating a flexible working environment, where feasible, given the operational requirements of an employee's role and job requirements. While we believe that collaboration, creativity, teamwork, and connections are best nourished when interacting face-to-face in an office environment, alternative flexible work

arrangements – one of which is to work from home or remotely – can offer viable solutions in achieving work/life balance for employees.

Most importantly, at DKSH, we are committed to providing a work environment where people are treated with dignity and respect, are free from discrimination or harassment, and where people positively collaborate with each other, enabling them to thrive and fully develop their potential. Respecting human rights is a key element in our employment offering, as laid out in our Code of Conduct. DKSH does not discriminate based on age, religion, gender, or any other protected category. We respect our workers' rights to freedom of association and collective bargaining. We would never penalize anyone engaging in good faith in workers' groups. In 2021, a lower proportion of employees were covered by collective bargaining agreements compared to 2020 due to an organizational adaptation to regulatory changes in one of our significant markets of operation.

At the end of 2021, 18% of DKSH's employees were covered by collective bargaining agreements (2020: 20 percent).

#### GRI 102-41

Our commitment to respecting human rights and non-discrimination is made clear to employees through our Code of Conduct and related induction training. This includes the importance of treating all people with respect. The training materials specifically state that any form of discrimination, harassment or bullying is not acceptable. The training also encourages people to report any cases of misconduct to the site manager or to HR and emphasizes that

reports will be kept confidential. Organizationally, we practice a business partnering approach whereby representatives of the HR department are stationed within operations, allowing employees to easily access their support. Integrity Line, the online reporting tool we introduced in late 2020, further enhances the avenues available to employees for confidential reporting of human rights or other labor condition concerns. In 2021, 44 incidents were reported to HR via the Integrity Line, 12 of which related to personnel matters.

In July 2020, we launched a Code of Conduct refresher training targeted at all employees, with a particular focus on human rights and workplace issues. Between 2020-2021, 33,635 employees or 99.6% of our entire workforce had completed the training.

DKSH recorded three incidents of discrimination or harassment in 2021. A thorough investigation of one incident revealed substantial evidence of harassment, and a warning letter was served; there was no further case following this. However, the remaining two incidents were anonymous reports, where the allegations could not be substantiated due to a lack of details. Subsequently, an internal awareness campaign on this topic was launched in one affected market, following which no similar incidents were reported thereafter.

#### GRI 406-1



To ensure labor rights are fully upheld, the HR and Supply Chain Management teams in each of our key operating markets have responsibility for all hiring and for ensuring that employees and contractors have the correct documentation. We operate management programs in line with applicable local laws and labor regulations to prevent child or forced labor, or illegal workers, and to ensure decent and safe workplaces, fair and timely pay, and adequate rest periods.

Our management approach to non-discrimination and human rights practices has focused thus far on legal compliance and governance processes, and evaluation of their effectiveness has mainly been at the local level. Although we are not aware of significant issues arising in our operations, we intend to standardize our compliance-led approach to ensure consistent operating standards in all countries where DKSH operates. We are working towards centralized oversight of this issue, with clear reporting lines to Group management. The steps towards this more coordinated approach are underway, with a human rights impact assessment being conducted in one market in 2021, with plans to complete this in other markets subsequently. We will report on progress in our 2022 report.

### **Sharing a Moment in Life**

We seek to offer an attractive work environment in support of our objective of retaining our people, but we understand that some employees may seek new opportunities outside of DKSH.

In 2021, the overall attrition rate for the Group was 25% with a voluntary attrition of 17%. At management levels, the total attrition rate was 16%. Although our attrition rate may seem high, there are two factors to consider.

Firstly, South-East Asia is a very dynamic economic region with generally higher attrition rates than, for example, European markets.

Secondly, the logistics sector, which makes up a large proportion of our workforce, is particularly dynamic compared to other local industries, resulting in high attrition rates among this employment segment. We will continue our efforts to reduce voluntary attrition further.

## Local Communities



We are committed to promoting sustainable economic growth through providing stable jobs with fair employment terms and opportunities for personal development, and by upholding high standards for conducting our business responsibly.

Through our capillary distribution network, we enable market access for healthcare products and other necessary items across Asia. In 2021, DKSH has delivered more than 80 million doses of COVID-19 vaccines across Asia Pacific.

Alongside our business activities, we foster trust in local communities by engaging in projects and selected sponsorship programs. However, as stated in our Code of Conduct, DKSH does not engage in political processes and we refrain from any form of donation to political causes.

We continue to deliver on our purpose of enriching people's lives by contributing to relief efforts during the COVID-19 pandemic. During 2021, we donated over CHF 1 million in medical supplies and daily essentials to hospitals and vulnerable communities in Cambodia, Laos, Malaysia, Thailand and Vietnam. In addition, our colleagues in Thailand collected more than 120 kg of plastic bottles for upcycling into personal protective equipment suits for medical frontline workers.

In our major Thai market, we have supported Right To Play for more than 15 years. This global non-profit organization uses the transformative power of play to educate and empower children facing adversity. In 2020, we expanded our partnership by teaming up with the Liverpool FC Foundation for a three-year program comprising sport and

play-based sessions to improve the life skills of 2,000 children and youths as well as to increase community and social engagement. In 2021, we collaborated with Right To Play on donating food items and other consumer goods products to more than 1,000 households in Bangkok and communities at the Thai-Myanmar border.

We also offer employment opportunities to people with disabilities who have struggled to enter the workplace. For example, in Malaysia, DKSH employs 10 deaf people from the local community at the Famous Amos cookie outlets.

DKSH supported 35 local community projects. Charitable activities took place in 9 of our 10 significant markets.

**GRI 413-1**



## Responsible Procurement



More than 90% of our business activities relate to the procurement of goods for resale. Our current procurement practices generally follow a tailored approach adapted to individual business requirements, as described below. However, going forward, we intend to move towards higher uniformity in our approach by enhancing and standardizing supplier evaluations and setting standards and objectives for certain procurement categories and will report on progress in future reports.

### Marketing and Distribution Services

DKSH's core business model is to enable market access and business growth for manufacturers of products in the industries and markets we serve through our four Business Units, with a focus on Asia Pacific. Our main activity is the provision of contract-based marketing and distribution services, with procurement of trading goods directly from our clients, which accounts

for the bulk of our procurement activities. Our goods for resale and distribution originate from a global client base headquartered in the Americas, Europe, and Asia Pacific. Contracts specify shipping and delivery terms and may vary depending on clients' locations and their fulfilment strategies. Based on agreed terms, we either organize international shipments, take over products at port, or we receive deliveries directly at our distribution centers, which can originate from sources within a country. As enshrined in our Code of Conduct, we only engage with business partners who meet our standards of doing business. We procure goods within well-defined product categories, following ethical standards and stringent contract management procedures. Our distribution of tobacco products is very small, accounting for less than one percent of group sales and we do not trade in arms.

We respect all applicable international and local laws and regulations pertaining to trade.

### Customer Solutions

In addition to its marketing and distribution services, Business Unit Performance Materials provides sourcing services for customers in various manufacturing industries. Sourcing involves identifying the right product and supplier for a specific customer requirement and is typically international, allowing customers to benefit from our vast network of sourcing specialists. Innovation laboratories offer innovative formulations for new product development and procurement of associated product supplies, for customers in the food and beverages, personal care, pharmaceutical, and speciality chemicals industries.



Our sourcing activities mainly bring together Asian suppliers (mostly from China and India) with European and American customers, many of which are multinational companies with stringent quality (e.g. ISO 9001, GMP) and responsible sourcing requirements.

### **Manufacturing**

DKSH's third largest revenue stream, albeit far smaller than Marketing and Distribution Services and Customer Solutions, relates to our own manufacturing and branded activities. We have a portfolio of diversified businesses predominantly in own brands, franchising, and in-licensing. Many of our own brand activities rely on outsourcing to specialized manufacturers, or sourcing products directly from franchisors and licensors.

#### Retail Franchises

Our Thailand and Malaysia-based franchising operations (e.g., Levi's, Famous Amos) follow strict procurement guidelines set by the respective franchisors (e.g., The Levi Strauss Co., Ferrero SpA). The franchisors supply raw materials or intermediates to us for manufacturing, either through suppliers appointed by the franchisor, or by auditing and approving suppliers selected by DKSH. Whenever possible, we prefer to use local suppliers.

#### Healthcare Own Brands

In our Medinova own-brand healthcare business, the selection of contract manufacturers is primarily driven by quality and capability considerations. Outsourcing partners undergo stringent due diligence procedures including environmental certifications and other requirements. Our main partner production sites in 2021 were located in Germany and Thailand.

In our Favorex in-licensing pharmaceuticals business, where we act as the licensee, our supply sources are either the licensors themselves or they are appointed/approved by the licensors. All supply sources must meet GMP and WHO standards and be compliant with the Pharmaceutical Inspection Cooperation Scheme (PICS).

#### Consumer Own Brands

An important pillar in our Luxury & Lifestyle businesses is our Maurice Lacroix watch manufacture located in Switzerland. Watches are assembled from components sourced locally and internationally from high-quality suppliers meeting stringent requirements of the Swiss watch industry. Watches containing gold are no longer part of Maurice Lacroix's range of products and jewellery models exclusively make use of synthetic jewels only. Maurice Lacroix's drive towards sustainable business practices throughout its supply chain is further manifested using recycled watch components for new models launched in 2022 (ref. page 20 on the launch of Aikon #tide). Responsible procurement practices also encompass marketing materials, such as packaging and displays.

In Malaysia, through our Auric Pacific acquisition in 2019, we market own brand goods produced internally and externally, most of which are dairy products. Third-party manufactured products are sourced from high-quality responsible suppliers in Australia, New Zealand, and Belgium. Ingredients for the production site are exclusively sourced locally, except for a few ingredients not available in the local market, with a primary focus on quality and food safety.

A few smaller businesses include the marketing of household goods and appliances in Malaysia and Australia, which are mainly sourced from China.

#### Food Processing

Part of Business Unit Performance Materials, our food processing activity in the Philippines focuses on flexible solutions (both premixes and finished products) for customers in food services or consumer-facing businesses. About 60 percent of procured materials for production (mixing and blending) are sourced from local suppliers, with the rest procured internationally from China, USA, ASEAN, Korea, and Europe.

#### Agrochemicals

Through acquisitions in Australia in 2019 and 2021, DKSH now also owns a branded business in agrochemicals which are both manufactured in-house (mixing, blending) and inputs are procured from a local manufacturing plant.

### **Procurement for our Own Operation and Service Delivery**

Logistics and distribution costs are our biggest area of spend for our own operations. We procure services for goods handling, movement in or between our locations, and deliveries to customers, and purchase related goods such as packaging materials. Transportation is largely outsourced to specialized local logistics companies. For the operation of our distribution centers, we procure the services of foreign workers engaged via specialized labor service providers where there is a shortage of local labor. This includes workers for the adaptation or customization of products to local market conformity (e.g. repacking or labeling).

Our second largest area of procurement expenditure relates to selling costs, of which advertising and promotional expenses represent the largest categories. These typically include in-store trade marketing expenses and may also include specialized media agencies. Some expenses are incurred in the engagement of promoters (for example for product sampling) on a casual basis, providing a source of income for people with low educational background or for those preferring flexible work arrangements.

Other procurement relates to general business items, such as rent, utilities, stationery and office supplies, consultancy, IT licenses and service fees. With the exception of some consultancy and IT license and service fees, these are mostly incurred locally.

For the local execution of our business (primarily service delivery), almost 100 percent of our procurement by spend in 2021 in significant locations of operation was from local companies.

**GRI 204-1**

Overall, this part of our activity is guided by our Non-Trade Procurement (NTP) Policy and our Supplier Code of Conduct. The NTP policy sets various requirements for supplier selection and management, including both commercial criteria and expectations of business conduct. It mandates that all supplier arrangements must be in writing, with reference to the Supplier Code of Conduct forming an integral part of any contract. Our Supplier Code of Conduct addresses topics such as anti-corruption, health and safety, decent working conditions, and respect for human rights and the environment.

Our technical requirements tend to limit the number of qualifying suppliers. In Business Unit Healthcare, for example, redressing suppliers (for repacking or labeling of products) need to be able to operate under the requirements of Good Manufacturing Practices (GMP). Supplier assessment is based mainly on factors such as the company's financial robustness, capabilities, capacities and standing in the market. The respective Business Unit's Quality Assurance (QA) team will monitor service delivery and the need to retain or replace service providers. This activity is also typically scrutinized by our clients' own Quality Assurance (QA) management.

Part of our unique selling proposition (USP) is how quickly and flexibly we can respond to client and customer requirements, and this is reflected in the lead time we can offer our suppliers. Our delivery services providers are expected to meet certain key performance indicators, such as delivery accuracy and timeliness, which are monitored over time and may lead to performance improvement discussions (applicable mostly in our Fast-Moving Consumer Goods and Healthcare businesses). Since our clients and customers value our reliability, we seek long-term stable relationships with critical suppliers. For our crucial delivery services, we use a few main providers in each market. Corporate Supply Chain Management (SCM) sets the standards for transport logistics suppliers and oversees implementation of the standards in local operations.

Importantly, our standards require suppliers to be dealt with fairly and transparently, and for the results of tender or bidding processes to be communicated openly.

Our procurement teams form part of the target audience for risk-based training pertaining to anti-corruption and conflicts of interest. DKSH is bound to investigate any complaints raised by suppliers of unfair or unethical practices conducted by any of our employees or by their competitors. At the same time, we also expect our suppliers to act in line with our principles and standards, as expressed via our Supplier Code of Conduct and to report any non-compliance as per reporting channels identified by the Code.

Third-party intermediaries are undergoing a risk-based integrity assessment, with focus on bribery and corruption and other social criteria. A stringent due diligence process is applied for supplier assessment, selection, and onboarding. Supplier assessments in 2021 had been limited to two pilot countries (Vietnam, Malaysia) as well as to Business Unit Technology, and will henceforth be deployed to other operations and markets. We furthermore intend to enhance our due diligence processes in 2022 to include social and environmental criteria and will inform about progress in future reports.

In 2021, 100% of new suppliers in Vietnam, Malaysia and Business Unit Technology globally were screened for social criteria.

**GRI 204-1**

# Occupational Health and Safety



Occupational health and safety (OHS) is a top priority for DKSH. The management of OHS risks is addressed through our corporate Health, Safety & Environment (HSE) policy. The scope of the policy includes all DKSH operations worldwide and encompasses all activities and facilities. Local country management is responsible for operating a HSE management system (HSE-MS) that ensures compliance with applicable regulations, with due consideration to the nature and risk profile of local operations. The management are supported by qualified local HSE managers, tasked with the implementation, and monitoring of the HSE-MS.

In 2021, we introduced and launched an enhanced corporate HSE-MS which references the current leading ISO 45001, OHSAS 18001, and ISO 14001 standards. Local HSE managers are

tasked with ensuring that local HSE-MS are aligned to the corporate HSE-MS as applicable. Our HSE-MS also encompasses the health and safety of contractors we appoint to support our service delivery. To reinforce our commitment to safe practices for contractors, we released a new Contractor Safety Management guideline this year. Contractors involved in higher risk activities, such as operating forklifts, are evaluated based on their health and safety performance and processes, including injury/illness performance, special skills and training, effective work procedures, instructions, or equivalent HSE-MS, and compliance to applicable licensing, rules and regulations. Safeguards for contractors operating on our sites include Working Instructions on Visitor Safety, Contractor Safety and Permit to Work (which also covers safe driving), and

Contractor Guidelines. The performance of our HSE-MS is regularly audited by internal and external parties including our key clients. Country-level internal self-assessment, audits and reviews are also conducted by the local HSE Manager to support continuous improvement.

## **Hazard Management**

Timely and proper hazard identification and proactive management of health and safety risks is essential for a safe working environment. Hazard identification and risk assessments are performed on both a routine (e.g. scheduled assessments, audits and checks) and non-routine basis (e.g. new legal requirements, changes to systems, equipment or materials), and include abnormal and/or emergency situations (e.g. incidents and accidents, breakdown, maintenance, fire emergency,



chemical spills, etc.). The assessments follow the applicable Standard Operating Procedure and Guidelines, and the process is overseen by appropriately qualified Country HSE personnel in close collaboration with risk owners and cross-functional stakeholders.

The overall objective is to ensure timely identification of hazards and risks and implement control and recovery measures to reduce health and safety risks to as low as reasonably practicable (ALARP). Governed by our policy and HSE-MS, all employees and workers are required to quickly report any hazards or risks they identify to their line management. All accidents, incidents and near misses must also be promptly reported to line management to ensure timely investigation and corrective action. Employees and workers are obliged to stay alert to potential health and safety incidents in the workplace, and are empowered to work with line management towards establishing and applying the hierarchy of controls based upon 'E-SEAP' (i.e. Eliminating the hazard, Substituting the hazardous with less-hazardous, Engineering controls, Administrative controls and PPE). Employees and workers are also empowered to avoid and remove themselves from potentially harmful situations as necessary and to inform their line manager. It is against our Code of Conduct to punish any employee or contractor who, acting in good faith, reports an issue or removes themselves from a situation on HSE grounds.

In line with our commitment to continuous improvement of health and safety management, it is essential that any incidents are reported and investigated, and that remedial action is taken to prevent reoccurrence. All accidents, incidents, and near misses are investigated. For injuries, significant process safety events, and incidents with high potential impact, root cause analysis is performed, and the lessons learned are communicated across the relevant parts of the organization. To support effective enquiry, DKSH encourages a culture of open communication between employees, workers, and line management.

Our policy and HSE-MS require the output of these hazard identification and risk assessment activities to be documented and used for the development of health and safety objectives, plans, and appropriate risk control measures. Country HSE Managers are accountable for the development and documentation of health and safety objectives and targets before seeking review and approval from Country HSE Steering Committees. Objectives and targets based on hazard identification and risk assessments are periodically reviewed and communicated to employees and workers, and/or other stakeholders as applicable.

#### **Employee Engagement and Training**

Employee and worker participation, consultation, and communication activities are mostly conducted via local workshops and engagement sessions on occupational H&S.

Employees and workers are encouraged to provide input and feedback on constructive improvements towards supporting health and safety standards in the workplace. Extra awareness sessions may be convened shortly after an incident or accident. Our employees and workers can also approach their line managers and local HSE team at any time to report dangers and risks.

DKSH is committed to providing necessary health and safety information, instructions, and training to everyone working in our operations. Local country HSE Managers are responsible for identifying OHS training needs and implementing the company wide OHS training program, supplemented by local country regulatory content. In specific cases, such as following an incident or when a new piece of equipment is introduced, the local HSE team can develop their own tailored training materials. Building on the DKSH Learning Management System (LMS), health and safety training includes traditional face-to-face classes as well as online courses and materials. New employees receive comprehensive health and safety induction training on top of any job-specific training they require. All new recruits must complete induction training (with signed attendance records) before commencing duties. Periodic refreshers are held, and attendance is monitored.



DKSH countries run local campaigns designed to promote health and safety awareness among employees and other workers. In 2021, most DKSH countries continued to focus on COVID-19 awareness and prevention, as well as general health and safety related to working from home. We continued to hold dialogue events, information days, courses and training for employees and other workers to regularly inform our employees about current health topics.

#### **Addressing Impacts in the Supply Chain**

We are not only committed to ensuring the health, safety, and general well-being of people working at our sites, but also contractors in operations outside of our control, such as transport or warehouse logistics providers. The management of hazardous chemicals is often outsourced to specialized providers who must have in place the necessary standards and systems to qualify for outsourcing. This equally applies to original equipment manufacturers (OEM). From all our service providers we expect clear commitments to proper business conduct, including health and safety for their workers, embodied in our Supplier Code of Conduct.

**GRI 403-1 to GRI 403-7**

#### **2021 Performance**

In 2021 our workplace safety was audited by key clients, customers, standards boards, and regulatory bodies, plus our internal Supply Chain Management and HSE teams. Key hazards mainly consisted of improper behaviors at operational level relating to operating forklifts and powered equipment, stacking of loads and storage of materials, manual lifting and/or handling, unsafe driving on roads, and the risk of exposure to potentially dangerous goods and hazardous substances. Actions taken to manage these risks continue to include engineering and administrative controls, additional training, and the provision of personal protective equipment. Much effort has also been put into a road safety improvement program in Thailand, incorporating measures to monitor and report speeding, as well as active stakeholder engagement and training.

Despite an increase in reportable incidents in 2021 – primarily due to the onboarding of field marketing services in Australia, which were acquired in 2020, we are pleased to report zero work-related fatalities and zero incidents of high-consequence work-related injuries in 2021. We will continue to step up efforts to engage our workforce on the importance of health and safety incident prevention and mitigation.

### Work-Related Injuries

Employees	Number		Rate <sup>1</sup>	
	2020	2021	2020	2021
Fatalities from work-related injuries	1	0	0.01	0
High-consequence work-related injuries	0	0	0.0	0.0
Recordable work-related injuries	49	70	0.7	1.0
Number of hours worked (in million)	68.9	67.3	-	-

Workers (all, no exclusions)	Number		Rate <sup>1</sup>	
	2020	2021	2020	2021
Fatalities from work-related injuries	0	0	0	0
High-consequence work-related injuries	0	0	0	0
Recordable work-related injuries	9	14	0.6	1.0
Number of hours worked (in million)	14.1	13.4	-	-

<sup>1</sup> per 1,000,000 hours worked

### Main Types of Work-Related Injuries

Types of injury	Employees		Other Workers	
	2020	2021	2020	2021
No. of first aid injuries	45	69	10	3
No. of medical treatment beyond first aid	6	8	1	1
No. of job restrictions or transfers	2	0	0	0
No. of lost time injuries	40	62	8	13
No. of fatalities	1	0	0	0

Data was compiled via an internal reporting system guided by Occupational Safety and Health Administration (OSHA) reporting requirements. HSE managers in countries are responsible for recording incidents into incident registers and to report these for consolidation at group level.

**GRI 403-9**

# Governance

# Economic Performance



Economic performance refers to our ability to operate a profitable business model while living up to our corporate value of “Sustainability”, which means taking responsibility for our environmental, social and economic impact. DKSH drives a clear strategy for sustainable, profitable growth that continuously increases our market share and helps our clients expand their businesses. Both our business operations and charitable activities support the 2030 Sustainable Development Goals of the United Nations.

The economic value that we generate promotes sustainable economic growth and benefits our stakeholders, such as providing returns and dividends for our shareholders, salaries for our employees and tax payments to local governments.

DKSH also supports a diverse range of smaller community-based charities which directly address local needs.

DKSH’s strategy for economic value generation is based on our three strategic pillars:

- We focus on our existing Business Units and markets to leverage our leadership position
- We continuously strengthen and extend our service offerings to ensure long-term success for our clients and customers
- We progressively drive improvement in the efficiency and effectiveness of our processes.

DKSH has a Group Tax Policy in place, which is reviewed annually by the CFO and Head of Tax.

The policy is approved by the Board of Directors and any proposed amendments are subject to the Board’s approval.

DKSH is committed to complying with tax law in all operating markets and to paying taxes in the markets where the revenue was generated. Intra-group transactions are carried out under market conditions and are supported by transfer pricing documentation.

DKSH monitors its financial performance through a process steered by the CEO, the CFO and the Board of Directors. The Group publishes its results twice a year. Please refer to our Annual Report for more information.

**GRI 201-1 data:** see more on page 61 in Appendix



## Market Presence



DKSH distributes clients' products in local markets, particularly in Asia Pacific. Our in-depth knowledge of these markets is a key part of the value we bring to our clients, who often do not have a local presence. An important part of our service offering is our market coverage via a capillary distribution network, serving customers wherever they are located. Acquisitions is a key element of our strategy to maintain our leading position and expand our presence in new markets. In 2021, DKSH successfully executed seven acquisitions spanning the healthcare, consumer goods, performance materials and technology industries.

Operating as part of each community we do business in is part of our corporate culture. We also believe that sharing business practices across cultures contributes to local skills and

economic development. Our diverse management teams represent various cultures and backgrounds and help DKSH to serve as a bridge between international clients and local customers.

DKSH employs around 33,100 employees, covering 87 nationalities, meaning that we speak the language and understand the culture of our business partners in the 36 markets we operate in. In 2021, 79% of our market leadership teams were locally hired. Within our markets with significant operations, 68% of all senior managers were hired from the host country, with "senior" referring to managers in corporate, regional, or local management roles. Local management roles include first- and second-line managers (2020: 65%).

DKSH defines significant operations as all markets with more than 500 employees. This includes the 10 markets of Australia, Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, Singapore, Taiwan, Thailand and Vietnam.

**GRI 102-4**

In 2021, 68 % of local senior managers in our markets with significant operations had been hired from local communities.

**GRI 202-2**

# Anti-Corruption



At DKSH, we are committed to acting with integrity and conducting our business in an ethical manner. This includes not tolerating any form of bribery or corruption – issues that have been formalized in our DKSH Code of Conduct and our Anti-Bribery and Anti-Corruption (ABAC) policy.

Most of our business is conducted in Asia where several of the markets and industries we work in are generally viewed as having higher exposure to corruption risks. It is, therefore, imperative that our employees and business partners both understand our values and our expected standards of business conduct and uphold these principles in all their activities.

The Board of Directors of DKSH Holding Ltd is responsible for adopting the Group's compliance standards and

policies and supervises their application. In tandem with local governance bodies, the senior leadership plays a pivotal role in communicating our values by word and by example. This includes DKSH's Executive Committee at Group level (ref. DKSH's 2021 Annual Report, page 25) as well as the Boards of our publicly listed entities in Malaysia and Indonesia, and all our local Country Management Teams.

### Compliance Program

Fraud and embezzlement are risks faced by most organizations and are also recognized by DKSH as risks to be actively monitored and managed. As an organization operating in markets and industries where inducements in the form of gifts, hospitality or other formats are not uncommon, the active management of bribery risks features high on our corporate agenda.

Our management approach to mitigating these risks is addressed through several group policies, including our:

- Anti-Fraud Policy
- Anti-Corruption and Anti-Bribery (ABAC) Policy
- Gifts, Hospitality & Entertainment (GHE) Policy
- Third-Party Intermediary (TPI) Policy
- Conflict of Interest (COI) Policy
- Manuals for Interaction with Healthcare Professionals (IHCP) for our Pharmaceutical, Medical Devices and Diagnostics product categories
- Non-Trade Procurement (NTP) Policy



Compliance with our standards on anti-bribery is addressed via a comprehensive compliance management system and program, as informed by our ABAC policy and related policies which reflect recognized international regulations, such as the U.K. Bribery Act 2010 or the U.S. Foreign Corrupt Practices Act. Our governance processes include fraud risk assessments and fraud prevention covering the entire DKSH organization via segregation of duties and an internal control system (ICS), which is overseen by the Group's Finance function. such as the U.K. Bribery Act 2010 or the U.S. Foreign Corrupt Practices Act. Our governance processes include fraud risk assessments and fraud prevention covering the entire DKSH organization via segregation of duties and an internal control system (ICS), which is overseen by the Group's Finance function.

#### **Risk Assessment**

In 2018, we launched an enhanced bribery risk assessment process<sup>1</sup> for deployment across all our markets, with prioritization based on country scores in Transparency International's Corruption Perception Index (CPI). By the end of 2021, 17 of our markets (47%) had adopted our risk assessment process, representing 100% of our significant operations as well as 95% of our net sales, and 100% of operations located in territories exposed to higher risks as per the CPI rating.

#### **GRI 205-1a**

Risks are identified based on detailed process mapping. Risk levels are determined by applying the Group's Risk Management policy and procedures, and appropriate controls are assigned.

For example, the use of intermediaries in business transactions potentially increases the risk of bribery; controls include due diligence requirements for either standard or enhanced procedures depending on the assigned risk levels.

All risks and their mitigating controls are documented in detailed Bribery Risks & Controls (BRC) templates. Controls include documentation of control processes and procedures, how controls are communicated within the organization and how the relevant personnel are instructed and trained to perform controls. BRC templates are reviewed and updated annually to ensure their currency, and they build the basis for review and enforcement activities by the corporate compliance team.

#### **GRI 205-1b**

#### **Conflicts of Interest**

In addition to risk assessments, the execution of our compliance program includes training, education, reviews, and audits, as well as investigations and corrective actions in the event of incidents arising. Managing conflicts of interest is a critical part in any compliance program. In our 2020 Sustainability Report, we announced the impending launch of a new corporate policy and associated procedures on the disclosure and management of conflicts of interest (COI). This policy was introduced with the support of an online training module which began in the latter part of 2020.

Training activities continued in 2021 and concluded with all the 13,157 relevant employees (all management level and those potentially exposed to COI situations) completing COI training during the year. Going forward, COI refresher training will form part of the annual training curriculum.

#### **Training and Education**

Training and communication are important cornerstones of our compliance program and are instrumental in driving and maintaining a culture of ethics and compliance. All new employees must undergo mandatory training, including Code of Conduct and anti-corruption training, as part of our thorough onboarding procedures within three months from joining our organization.

Periodically, all employees are required to refresh their knowledge of DKSH's anti-corruption policies. Our 2021 training focus, alongside completion of the COI launch training, was an Anti-bribery and Anti-corruption policy refresher online training for a total of 16,096 employees, selected for their risk exposure of their role but also if having risk control responsibilities, with the following completion ratios:

<sup>1</sup> Based on "Diagnosing Bribery Risk", Guidance for the Conduct of Effective Bribery Risk Assessment, Transparency International UK

### Anti-Corruption Training Completion

Region	In Scope	Completed	Ratio
Thailand	4,854	4,854	100.00%
Malaysia and Singapore	1,823	1,823	100.00%
Greater China*	1,234	1,234	100.00%
Rest of Asia Pacific	7,855	7,396	94.2%
Rest of the World	330	327	99.1%
<b>Total</b>	<b>16,096</b>	<b>15,634</b>	<b>97.1%</b>

By region only, data by functional level is currently not available

### GRI 205-2e

In 2021, 100 percent of governance body members were aware of DKSH's anti-corruption policies and had completed anti-corruption training

**GRI 205-2a,d**

Region	Total Governance Body Members
Thailand	13
Malaysia and Singapore	22
Greater China*	19
Rest of Asia Pacific	85
Rest of the World	49
<b>Total</b>	<b>188</b>

\* Includes mainland China, Hong Kong, Macau and Taiwan



### Ethics in the Medical Sector

DKSH's Healthcare Business Unit distributes pharmaceuticals and medical devices and regularly interacts with healthcare professionals (HCP). DKSH, through active membership in the respective industry associations, supports ethical business conduct via endorsement of the relevant industry codes of ethics (IFPMA, APACMed). Comprehensive Manuals for Interactions with HCPs for our Pharmaceutical, Medical Devices and Diagnostics product categories convert these codes of ethics into internal processes and procedures aimed at ensuring compliance with the relevant local codes whenever interacting with HCPs and further enhancing DKSH's compliance program.

### Integrity Along our Supply Chain

As an outsourcing partner to our clients, we are committed to upholding integrity in the supply chain within our sphere of influence. This includes our business partners, for example customs brokers, event organizers and forwarding companies, whom we rely on for parts of our service delivery. DKSH does not maintain relationships with business partners that do not share our values or meet our standards for doing business. Business partners are engaged based on written service contracts that include anti-corruption compliance clauses, with both our Supplier Code of Conduct and the ABAC policy serving as contractual requirements. All service providers need to undergo risk-based due diligence procedures prior to being admitted. Screening processes are periodically refreshed upon contract renewal or within one year of admission, or on an ad hoc basis when specific warning signs have been raised through our monitoring processes.

Anti-corruption policies and our Supplier Code of Conduct are communicated to all business partners acting for and on behalf of DKSH.

#### GRI 205-2c

### Integrity Line

In 2020, we introduced our Integrity Line, a secure online whistleblowing platform providing employees and external parties with a 24/7 channel for reporting concerns in confidence and, at the reporter's discretion, anonymously. The launch of the Integrity Line was broadcast internally by the CEO, encouraging employees to speak up whenever coming across a reportable concern. This was reinforced by local communications during 2021, which will continue, with the aim of giving employees the confidence to speak up and promptly report any incidents of corruption or other misbehaviours. Under the guidance of the Group's Compliance or Internal Audit functions, cases are investigated, and errant parties are adequately sanctioned, with DKSH having zero tolerance for retaliation against anyone who reports incidents in good faith. Corresponding assurances are provided to employees via clear commitments contained in the ABAC and other policies, and to those reporting via Integrity Line.

For 2021, we recorded a total of 44 reports via Integrity Line, of which 37 cases were sufficiently substantiated to warrant further investigation. Most of the reports related to fraud and embezzlement (39%), followed by reports relating to personnel matters (27%) and several Code of Conduct breaches in other categories.

All investigations were conducted internally and resulted in several disciplinary actions including recommendations to dismiss (7), one warning letter and one financial measure.

#### GRI 205-3

### Effectiveness of the Compliance Program

Management at all levels is responsible and accountable for ensuring proper application of compliance standards in the business. The Group's compliance function supports management by providing advice, methodologies and tools, and performs reviews to assess the level of awareness, understanding and application of standards and compliance controls through a structured review and tailored enforcement program. Furthermore, the Group's internal audit function is equipped to perform compliance audits through audit assignments based on their independent risk assessments, and independently reports to the Board of Directors on the results of such assignments.

Externally, DKSH's compliance program is assessed by prospective or active clients and/or external audit firms appointed by them. We give our full assistance to these assessments, which include thorough due diligence procedures and pre- or post-contract compliance audits and reviews, and we make use of the results of such assessments, if any, to further strengthen our compliance program.

## Customer Health and Safety



DKSH's business is built on trust and integrity. Our clients entrust us with the marketing and distribution of their products and expect us to preserve the quality and safety of their goods whilst under our care and custody. Irrespective of the product categories we are handling – which include items as diverse as pharmaceuticals, food, specialty chemicals and machinery – we operate quality management systems to ensure we meet the high standards necessary to safeguard the health and safety of customers, consumers and patients. This includes assurance that all our products originate from authentic manufacturing processes, avoiding potential safety issues from counterfeit products.

Our management approach adapts to the different business lines and product categories we handle and the corresponding regulations governing them. Products in the healthcare sector must focus on patient safety and meet stringent quality standards specified by clients and regulators and comply with international guidelines (e.g. from the World Health Organization, the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use, and the Pharmaceutical Inspection Co-operation Scheme). All our Healthcare distribution facilities are approved by the respective local health authorities with the appropriate internationally recognized Quality Management System certification (e.g. ISO 9001 and ISO 13485).

Any issues with product safety are handled under stringent pharmacovigilance procedures by our regulatory affairs specialists. Food safety is another significant concern that we address through quality management procedures, whether for finished goods distributed by our Consumer Goods business or food ingredients marketed by our Performance Materials business. Our quality assurance and regulatory affairs teams ensure that our products and operations comply with applicable regulations set by the respective food and drug administrations in the countries where we operate.

The handling of chemicals poses a different set of challenges that we manage through stringent safety procedures based on applicable standards including ISO 9000, the Classification, Labeling and Packaging (CLP) regulation, and our own Standard Operating Procedures (SOPs), as well as DKSH's Health, Safety and Environment (HSE) policy, enhanced through a new HSE management system and a new guideline for the management of hazardous chemicals and dangerous goods, both developed in 2020 and enacted in 2021 .

In our Technology business, our focus is on safety procedures for the operation of machinery and equipment by our customers. Where applicable, our products are tested before delivery and our service offering also includes installation, commissioning and training to ensure proper and safe operation. All our service engineers are trained by the original equipment manufacturers.

Our operations are frequently audited by our clients or their appointed auditors to ensure that storage and handling of products meets their expected standards. Due to the sensitivity of the products, most of these audits occur in the Healthcare business. In 2021, 87 such audits took place compared to 82 audits in 2020.

Any deviations from applicable standards detected through reviews, audits or complaints are promptly reported and addressed. Product recall procedures are in place and DKSH constructively cooperates with authorities, clients and suppliers should recalls occur.

**DKSH recorded zero incidents of non-compliance concerning health and safety impacts of products and services in 2021**

**GRI 416-2**

## Marketing and Labeling



Our company's main activity is to market and distribute products sourced from manufacturers. Many of our products are imported and require local customization before being fit for sale. Additionally, a core activity in our service delivery to clients and customers is the advertising and promotion of the products in the markets we serve.

The marketing of our products can involve various risks if not managed properly or supported with the relevant and necessary product information. Rising public awareness and new policy initiatives on transparency have increased demand for correct and complete product information, making this topic highly relevant for DKSH's business model and brand reputation.

Product adaptation and customization to meet regulatory requirements, including product labeling, is an important DKSH service offering. Our regulatory affairs teams in the various Business Units are responsible for establishing relevant Standard Operating Procedures and for monitoring compliance, with assistance from our quality assurance teams. In our Business Unit Healthcare, where regulations are particularly stringent, we perform customization work in accordance with Good Manufacturing Practices (GMP). In Business Unit Performance Materials, we implement and audit against the strict requirements for classification, labeling and packaging of the Globally Harmonized System (GHS).

For the marketing of our own-brand products, our regulatory affairs teams ensure compliance with applicable laws. For all products distributed by the Business Units Consumer Goods and Healthcare, we observe guidelines on responsible marketing published by the relevant industry bodies. Policies, procedures and controls are in place and are supported by training activities to ensure that the marketing of our products meets our standards and expectations. All our regulatory affairs specialists have the required professional training and qualifications to perform their work in accordance with applicable regulations and internal standards.



DKSH carefully monitors and validates relevant product data from clients on an ongoing basis and takes corrective actions where appropriate. Any complaints about marketing and labeling are addressed by the relevant Business Unit.

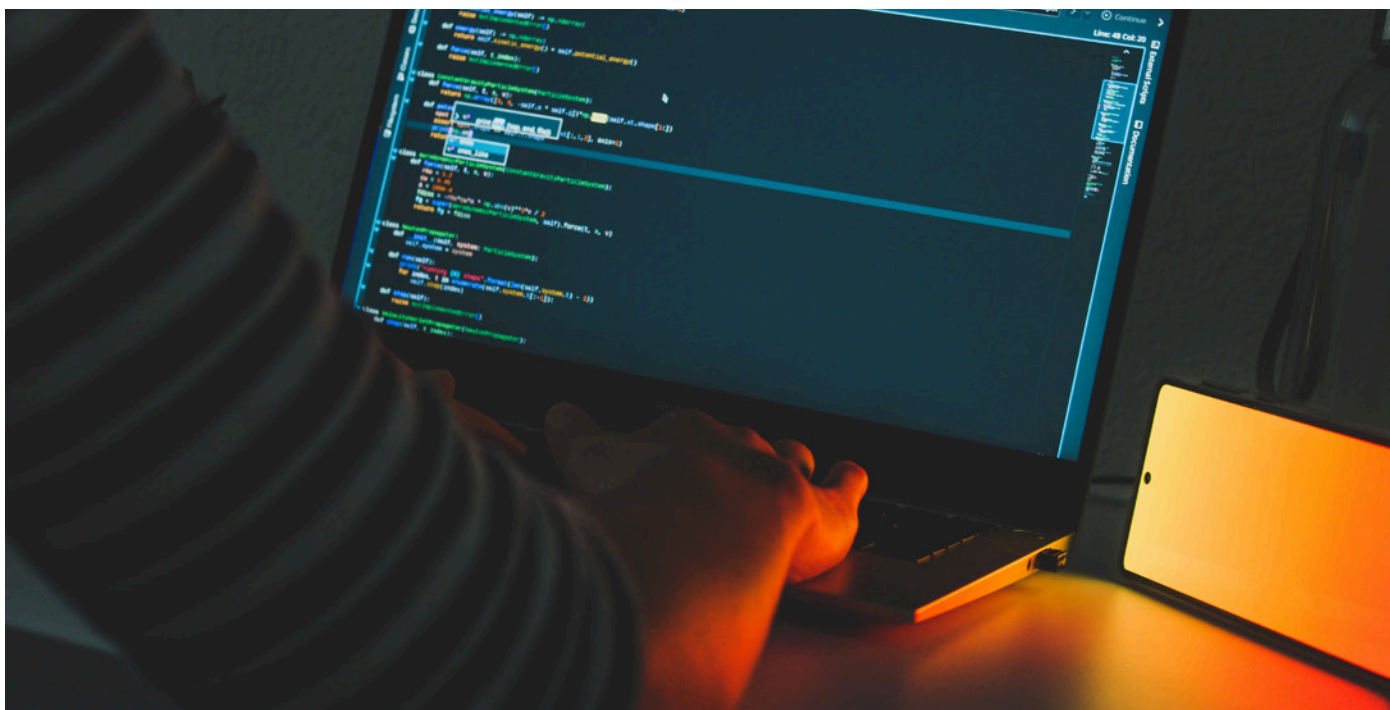
In 2021, DKSH recorded zero incidents regarding marketing and labeling practices.

**GRI 417-3**

### **Industry-Specific Risks in the Healthcare Business**

Advertising and promotion of healthcare products in many jurisdictions are highly regulated, often limited or even disallowed. Many products are prescribed or dispensed by healthcare professionals, or they require professional expertise for their application. Various segments in the healthcare industry (specifically for prescription drugs and medical devices) and in the food sector (e.g. infant nutrition) have adopted codes of ethics advocating responsible marketing of their products. DKSH adheres to these standards through membership of the respective industry associations (e.g. local IFPMA associations; APACMed) and by operating management programs to ensure compliance by employees and service providers.

## Information Security



In today's digital and interconnected world, the risk of data theft or leakage has risen, and information security should be a key concern for all companies. Through our business operations, we generate and have access to significant amounts of data relating to products and services as well as our customers and business partners. Unavoidably, we also serve clients who are competitors. Ensuring confidentiality is therefore crucial. We also may need to collect personal data relating to employees, contractors and others.

As stated in our Code of Conduct, we are fully committed to processing and protecting personal data with due care, and to comply with applicable data protection laws as well as DKSH's principle of protecting confidentiality.

Our information security program and cyber security strategy is endorsed and supported by the Executive Committee and the Board of Directors, under the responsibility of the Group Chief Information Officer. Our strategy focuses on implementing cyber threat preventive counter measures, developing an organization-wide information security maturity model, and running group-wide cyber security awareness programs.

In line with our strategy, we have an IT Security Policy in place and a dedicated global Information Security team, which is available via a 24/7 hotline for urgent security matters.

We train our staff on various topics relating to information security. In 2021, more than 17,300 employees completed the security awareness online program (2020: more than 8,000 employees).

DKSH's main IT hub is in Malaysia. However, each market has its own local IT team responsible for regular additional IT security training. Quarterly Group-wide IT newsletters as well as ad-hoc IT news flashes ensure that awareness of sensitive topics is maintained across all markets.

In 2018, DKSH achieved ISO 27001:2013 certification of the Corporate Shared Services Center SAP infrastructure on information security management. Following the certification, DKSH conducted several surveillance audits to ensure process adherence. A successful ISO 27001:2013 re-certification took place in 2021. Our quality assurance team ensures that the required standards are maintained on an ongoing basis.

Group Internal Audit conducts independent audits on access management. Additionally, the Group IT Security team performs audits on all country IT installations on a regular basis. Our business continuity and contingency plans, as well as incident response procedures, are tested twice yearly.

As in previous years, DKSH received no complaints related to data breaches of customer privacy and loss of customer data from outside parties or regulatory bodies in 2021. Similarly, DKSH is not aware of any identified leaks, thefts, or losses of customer data

**GRI 418-1**

# Appendix



**Value Generation**

		<b>2020</b> in CHF millions	<b>2021</b> in CHF millions
<b>Direct Economic Value Generated</b>	Revenues	10,789	11,170
<b>Economic Value Distributed</b>	Operating Costs	(9,825)	(10,111)
	Employee Wages and Benefits	(696)	(738)
	Payments to Providers of Capital	(165)	(146)
	Payments to Governments (Taxation)	(58)	(75)
<b>Economic Value Retained</b>	Direct Economic Value Generated– Economic Value Distributed	45	99

**GRI 201-1**

## Stakeholder Engagement

Identification of relevant stakeholder groups resulted from an assessment carried out by senior management.

Groups were selected based on their abilities to influence or impact (directly or indirectly) DKSH's approach to business, or the potential for DKSH to have an impact on them.

DKSH engages with the identified stakeholder groups as follows:

Stakeholder Group	Engagement and Key Topics
Clients	As a partner in the downstream supply chain, our engagement with clients is the most intense of all stakeholder groups. Discussions on expectations are part of due diligence, business negotiations and sustainability audits. Other examples of engagement are annual client satisfaction surveys and regular business reviews. Topics are focused on employment practices, responsibility in the supply chain, product stewardship, health and safety, anti-corruption, information security and, lastly, our emissions.
Suppliers, Vendors	Our engagement with suppliers and vendors is mainly via business negotiations and business reviews during the financial year. Vendor concerns are primarily ethical business practices, including fair competition and anti-corruption. DKSH's expectations are enshrined in our Supplier Code of Conduct.
Employees	As a service provider, employees are our most important asset. Therefore, employee engagement and satisfaction are of highest importance. We conduct periodic structured employee engagement surveys and promote an open feedback culture. Employee concerns mainly are good corporate citizenship, fair employment practices, development opportunities and associated training, safe and healthy workplaces, our safeguarding of the environment, the integrity of our products and services, as well as our engagement with local communities.
Customers	Our direct interaction with customers through our operations focuses mostly on their expectations or areas of concern. Engagement with customers in the manufacturing industries in our Business Unit Performance Materials is most intense and key topics include procurement practices.
Shareholders, Investors	DKSH directly engages with investors via roadshows and meetings as well as indirectly through interaction with sustainability rating agencies. Investors' main interests are economic performance, corporate governance, environmental topics, customer health and safety, and anti-corruption.
Local communities	Our local management directly engages with the communities in the markets we operate to address topics such as labor practices and environmental responsibility.
Authorities	DKSH is in continued exchange with authorities as part of the licensing process and other regulated activities to ensure legal requirements are met.

### Further Details About Our Employees

All disclosures in this Statement relating to employee numbers are based on headcount, rather than full-time equivalents, as we believe it is more appropriate for Sustainability reporting purposes. All data was extracted from DKSH's SAP HRIS system.

The total headcount excluded 218 employees who joined following a merger and acquisition exercise in 2021; this data was formally reflected in the SAP HRIS system from April 2022.

#### GRI 102-8

#### Total Number of Employees by Employment Contract (Permanent and Temporary), by Gender

Gender	Permanent	% of total	Temporary	% of total	Total
Female	15,971	89.0%	1,953	11.0%	17,924
Male	14,349	96.0%	605	4.0%	14,954
Other	-	-	3	100.0%	3
<b>Total</b>	<b>30,320</b>	<b>92.2%</b>	<b>2,561</b>	<b>7.8%</b>	<b>32,881</b>

#### Total Number of Employees by Employment Contract (Permanent and Temporary), by Region

Region	Permanent	% of total	Temporary	% of total	Total
Thailand	10,589	98.0%	222	2.0%	10,811
Malaysia and Singapore	5,393	99.9%	3	0.1%	5,396
Greater China*	2,652	97.4%	70	2.6%	2,722
Rest of Asia Pacific	11,219	83.2%	2,259	16.8%	13,478
Rest of the World	467	98.5%	7	1.5%	474
<b>Total</b>	<b>30,320</b>	<b>92.2%</b>	<b>2,561</b>	<b>7.8%</b>	<b>32,881</b>

#### Total Number of Employees by Employment Type (Full-Time and Part-Time), by Gender

Gender	Full-time	% of total	Part-time	% of total	Total
Female	15,959	89.0%	1,965	11.0%	17,924
Male	14,091	94.0%	863	6.0%	14,954
Other	-	-	3	100.0%	3
<b>Total</b>	<b>30,050</b>	<b>91.4%</b>	<b>2,831</b>	<b>8.6%</b>	<b>32,881</b>

\* Includes mainland China, Hong Kong, Macau and Taiwan

### Membership of Associations

DKSH companies are members of several associations in the markets we operate, with a focus on industry associations for the chemical, pharmaceutical and food industries, as well as membership of chambers of commerce. Membership is generally considered from a strategic perspective, and in some instances, DKSH managers hold positions in governance bodies, participate in projects or committees.

DKSH does not provide funding to associations beyond routine membership dues, apart from our membership of the Swiss Chamber of Commerce and Industry in Japan, for historic reasons (this is where DKSH was originally founded in the 19th century; we are the Swiss company with the longest uninterrupted presence in Japan).

The list below provides an overview of membership of associations by market.

#### GRI 102-13

Market	Name of Association or Advocacy Organization
Australia	Australian Food & Grocery Council (AFGC)
	Australian Sales & Marketing Companies Association (ASMCA)
	Australian Pesticides and Veterinary Medicine Authority
	Medicines Australia
Cambodia	European Chamber of Commerce
France	Cosmet'in Lyon (Association for Dermocosmetology)
	France Chimie (French Chemicals Association)
	French Cosmetics Association for SMEs (COSMED)
	Union Française du Commerce Chimique (UFCC)
Germany	German Chemical Distribution Association (VCH)
Hong Kong	Hong Kong Association of Pharmaceutical Industry
Indonesia	GAKESLAB Indonesia DKI Jakarta
	Gabungan Perusahaan Farmasi Indonesia
	Persatuan Perusahaan Kosmetika Indonesia (PERKOSMI)
Japan	German Chamber of Commerce and Industry in Japan
	Swiss Chamber of Commerce and Industry in Japan
	Tokyo Chamber of Commerce and Industry
Korea	Korea Medical Devices Industry Association
Laos	Lao National Chamber of Commerce and Industry
Malaysia	Federation of Malaysian Manufacturers (FMM)
	Malaysia International Chamber of Commerce and industry (MICCI)
	Malaysia Medical Device Association
	Malaysian Animal Health and Nutrition Industries Association
	Malaysian Electrical Appliances Distributors Association (MEADA)
	Malaysian Employers Federation (MEF)
	Pharmaceutical Association of Malaysia (PhAMA)
Swiss Malaysian Business Association (SMBA)	



Myanmar	Myanmar Chamber of Commerce for Pharmaceutical and Medical Device
	Myanmar Cosmetic Association
	Union of Myanmar Federation of Chamber of Commerce & Industries
New Zealand	New Zealand Food and Grocery Council
Philippines	Philippine Swiss Business Council
Singapore	Machine Tool Club
	Singapore Association of Pharmaceutical Industries (SAPI)
	Singapore Business Federation
	Singapore International Chamber of Commerce
Spain	Asociación de Fabricantes y Comercializadores de Aditivos y Complementos Alimentarios (AFCA)
	Sociedad Española de Químicos Cosméticos (SEQC)
	Spanish Chemicals Distributors Association (AECQ)
Switzerland	Association of Pharmaceutical Companies in Switzerland (vips)
	Association Patronale de l'Horlogerie et de Microtechnique (APHM)
	Federation of the Swiss Watch Industry FH
	Scienceindustries Switzerland – Business Association of Chemistry Pharma Life Sciences
Taiwan	International Research-Base Pharmaceutical Manufacturers Association (IRPMA)
	Taipei Instruments Commercial Association
	Taipei Machinery Traders' Association
	Taipei Medical Instruments Commercial Association
	Taipei Pharmaceutical Agents and Distributors Association
	Taipei Pharmaceutical Business Association
	Taiwan Advanced Medical Technology Association
	Taiwan Cold Chain Association
	Taiwan Commercial Kitchen Equipment Development Association
	Taiwan Pharmaceutical Marketing & Management Association
Taoyuan Pharmacists Association	
Thailand	Cosmetics Industry Association
	GS1 Thailand, The Federation of Thai Industries
	Health Food Supplement Association (HSFA)
	Pharmaceutical Research & Manufacturers Association (PReMA)
	Regulatory Affairs Pharmacy Association, Thailand (RAPAT)
	Thai Cosmetic Manufacturers Association (TCMA)
	Thai Medical Device Technology Industry Association (THAIMED)
Thai Retailers Association (TRA)	
Vietnam	American Chamber of Commerce
	European Chamber of Commerce in Vietnam

# GRI Standards & Disclosures

# GRI Content Index

## About This Report

DKSH's fifth report, released in July 2022, prepared in accordance with the Global Reporting Initiative (GRI) Standards "Core option" offers a review of the Group's sustainability efforts. It outlines our progress over the past year and shows important areas of action for the future.

If you have any feedback or need further information on our sustainability approach, please contact [sustainability@dksh.com](mailto:sustainability@dksh.com).

## Abbreviations:

AR = Annual Report

CB = Corporate Brochure

CoC = Code of Conduct

All documents are available at: <https://www.dksh.com/global-en/home/about-us/sustainability>.

GRI Standards and Disclosures		References	Omissions
<b>GRI 101</b>	<b>Foundation (2016)</b>		
<b>GRI 102</b>	<b>General Disclosures (2016), Core option</b>		
GRI 102-1	Name of the organization	AR 2021, p. 10	
GRI 102-2	Activities, brands, products and services	CB 2022, p. 14-16	
GRI 102-3	Location of headquarters	AR 2021 p. 7	
GRI 102-4	Location of operations	p. 49	
GRI 102-5	Ownership and legal form	AR 2021, p. 10-11	
GRI 102-6	Markets served	CB 2022, p. 14-26, 38	
GRI 102-7	Scale of operations	AR 2021, p. 4-5, 118-120 CB 2022, p. 38	
GRI 102-8	Information on employees and other workers	p. 63	The total headcount reported excluded 218 employees who joined following a merger and acquisition exercise in 2021 because this data was formally reflected in the SAP HRIS system after our reporting period from April 2022.
GRI 102-9	Supply chain	CB 2022, p. 15-16	
GRI 102-10	Significant changes to the organization and its supply chain	AR 2021, p. 47-50	

GRI standards and disclosures		References	Omissions
GRI 102-11	Precautionary principle or approach	DKSH takes a risk-based approach to managing its operations and supply chain. Although most of the products we distribute have been developed by our clients, we run a product stewardship program covering activities such as storage, labeling, packaging and arranging transportation, and our tracking systems ensure that any issues can be quickly traced back to the source. Regular auditing is in place to ensure product safety and that operations are being run in accordance with our environmental policies.	
GRI 102-12	External initiatives	p. 13, p. 64-65	
GRI 102-13	Membership of associations	p. 64-65	
GRI 102-14	Statement from senior decision-maker	p. 2	
GRI 102-16	Values, principles, standards and norms of behavior	p. 5, 15-22 CoC	
GRI 102-18	Governance structure	p. 23-24 AR 2021, p. 10-34	
GRI 102-40	List of stakeholder groups	p. 25, 62	
GRI 102-41	Collective bargaining agreements	p. 37	
GRI 102-42	Identifying and selecting stakeholder	p. 25, 62	
GRI 102-43	Approach to stakeholder engagement	p. 25, 62	
GRI 102-44	Key topics and concerns raised	p. 25, 62	
GRI 102-45	Entities included in the consolidated financial accounts	AR 2021, p. 118-120	
GRI 102-46	Defining report content and topic boundaries	p. 25	
GRI 102-47	List of material topics	p. 25	
GRI 102-48	Restatement of information	No restatement	
GRI 102-49	Changes in reporting	There have been no major changes in the material issues we report on between 2020 and 2021.	
GRI 102-50	Reporting period	Calendar year 2021	
GRI 102-51	Date of most recent report	Published 2022, relating to calendar year 2021	
GRI 102-52	Reporting cycle	We intend to update the report on a yearly basis.	
GRI 102-53	Contact point for questions regarding the report	sustainability@dksh.com	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
GRI 102-55	GRI content index	p. 67-71	
GRI 102-56	External assurance	p. 73-74	



GRI standards and disclosures		References	Omissions
<b>Economic</b>			
<b>GRI 201</b>	<b>Economic performance (2016)</b>		
GRI 103	Management approach (2016)	p. 48	
GRI 201-1	Direct economic value generated and distributed	p. 61	
<b>GRI 202</b>			
<b>Market presence (2016)</b>			
GRI 103	Management approach (2016)	p. 49	
GRI 202-2	Proportion of senior management hired from the local community	p. 49	
<b>GRI 204</b>			
<b>Procurement practices (2016)</b>			
GRI 103	Management approach (2016)	p. 40-42	
GRI 204-1	Proportion of spending on local suppliers	p. 42	
<b>GRI 205</b>			
<b>Anti-Corruption (2016)</b>			
GRI 103	Management approach (2016)	p. 50-51	
GRI 205-2	Communication and training about anti-corruption policies and procedures	p. 51-52	
<b>Environment</b>			
GRI 103	Management approach (2016)	p. 27-30	
<b>GRI 302</b>			
<b>Emissions (2016)</b>			
GRI 302-1	Energy consumption within the organization	p. 29	
<b>GRI 305</b>			
<b>Energy (2016)</b>			
GRI 305-1	Direct (scope 1) GHG emissions	p. 29	
GRI 305-2	Indirect (scope 2) emissions	p. 29	
GRI 305-3	Other indirect (scope 3) emissions	p. 29	
<b>GRI 307</b>			
<b>Environmental compliance (2016)</b>			
GRI 307-1	Non-compliance with environmental laws and regulations	p. 28	

GRI standards and disclosures		References	Omissions
<b>Social</b>			
<b>GRI 401</b>	<b>Recruitment and retention (2016)</b>		
GRI 103	Management approach (2016)	p. 33-38	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 37	
<b>GRI 403</b>	<b>Occupational health and safety (2018)</b>		
GRI 103	Management approach (2016)	p. 43-45	
GRI 403-9	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	p. 46	
<b>GRI 404</b>	<b>Training and education (2016)</b>		
GRI 103	Management approach (2016)	p. 34-36	
GRI 404-1	Average hours of training per year per employee	p. 34	We do not report this data separately by gender or employee category; however, our equal opportunity policies apply to the availability of training and development opportunities.
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	p. 36	
<b>GRI 406</b>	<b>Non-discrimination (2016)</b>		
GRI 103	Management approach (2016)	p. 33, 37	
GRI 406-1	Incidents of discrimination and corrective actions taken	p. 37	
<b>GRI 407</b>	<b>Freedom of association and collective bargaining (2016)</b>		
GRI 103	Management approach (2016)	p. 37-38	
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 37	
<b>GRI 408</b>	<b>Child labor (2016)</b>		
GRI 103	Management approach (2016)	p. 38	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	p. 37-38	Although we operate in countries which are frequently ranked as having a higher risk of human rights issues on international ratings, we have not identified any specific risks affecting our operations or supply chain in 2021. In 2021 we continued to roll out a company-wide training on the Code of Conduct, which includes human rights and issues such as forced labor and child labor, and we will remind all staff to remain vigilant and report any concerns through the channels outlined in our Code of Conduct.

GRI standards and disclosures		References	Omissions
<b>GRI 409</b>	<b>Forced or compulsory labor (2016)</b>		
GRI 103	Management approach (2016)	p. 38	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 39	Although we operate in countries which are frequently ranked as having a higher risk of human rights issues on international ratings, we have not identified any specific risks affecting our operations or supply chain in 2021. In 2021 we continued to roll out a company-wide training on the Code of Conduct, which includes human rights and issues such as forced labor and child labor, and we will remind all staff to remain vigilant and report any concerns through the channels outlined in our Code of Conduct.
<b>GRI 412</b>	<b>Human rights assessment (2016)</b>		
GRI 103	Management approach (2016)	p. 38	
GRI 412-2	Employee training on human rights policies and procedures	p. 39	
<b>GRI 413</b>	<b>Local communities (2016)</b>		
GRI 103	Management approach (2016)	p. 39	
GRI 413-1	Operations with local community engagement, impact assessment and development programs	p. 39	
<b>GRI 416</b>	<b>Customer health and safety (2016)</b>		
GRI 103	Management approach (2016)	p. 54-55	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 55	
<b>GRI 417</b>	<b>Marketing and labeling (2016)</b>		
GRI 103	Management approach (2016)	p. 56-57	
GRI 417-3	Incidents of non-compliance concerning marketing communications	p. 57	
<b>GRI 418</b>	<b>Customer privacy (2016)</b>		
GRI 103	Management approach (2016)	p. 58-59	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 59	

# Assurance Report





# VERIFICATION STATEMENT

## Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in the period 01/01/2021 – 31/12/2021 for

DKSH Holding AG  
Wiesenstrasse 8, CH-8008 Zurich

has been verified in accordance with ISAE 3000 as meeting the requirements of

## WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard

To represent a total amount of:

**5,046 t CO<sub>2</sub>e** (Scope 1 emissions)  
**54,521 t CO<sub>2</sub>e** (Scope 2; gross location-based emissions for electricity)  
**67,299 t CO<sub>2</sub>e** (Scope 3 emissions)

### FOR THE FOLLOWING ACTIVITIES

Logistic and office services of DKSH worldwide (Scope 1+2) and for some regions (Scope 3).

### SCOPE

SGS has been contracted by DKSH Management Ltd (hereinafter referred to as “DKSH”) for the verification of direct and indirect carbon dioxide (CO<sub>2</sub>) equivalent emissions as provided by DKSH as displayed in their GHG Assertion in the form of Corporate Responsibility Report 2021. (<https://www.dksh.com/global-en/home/about-us/sustainability>).

### CONTENT

The management of DKSH is responsible for the organization’s GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

It is SGS’ responsibility to express an independent GHG verification opinion on the emissions as provided in the DKSH GHG assertion for the period 01/01/2021 – 31/12/2021.

SGS conducted a third-party verification following the requirements of ISAE 3000 of the provided CO<sub>2</sub> equivalent assertion in May to June 2022. The assessment included a desk review at the headquarter and remote interviews with key locations. The verification was based on the verification scope, objectives and criteria as agreed between DKSH and SGS on 31/08/2021.

### LEVEL OF ASSURANCE

The level of assurance agreed is that of limited assurance for Scope 1, 2 and 3 emissions.

### SCOPE

DKSH has commissioned an independent verification by SGS of reported CO<sub>2</sub> equivalent emissions arising from their activities, to establish conformance with the requirements of the “GHG Protocol Company Accounting and Reporting Standard” within the scope of the verification as outlined below. Data and information supporting the CO<sub>2</sub> equivalent assertion were historical in nature and proven by evidence.

### STATEMENT OF INDEPENDENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. Société Générale de Surveillance SA affirm our independence from DKSH being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

This engagement covers verification of emissions from anthropogenic sources of greenhouse gases included within the organization's boundary and meets the requirements of ISAE3000.

The assertion of DKSH emissions of greenhouse gases follows the methodological approach of the greenhouse gas protocol. This approach includes the following:

- organizational boundary was established following the operational control approach.
- Activities: Infrastructure for logistic services
- Location/boundary of the activities: worldwide
- Physical infrastructure, activities, technologies and processes of the organization: warehouse, office and administration, transportation
- GHG sources, sinks and/or reservoirs included:
  - Scope 1 - stationary combustion from emergency generators, mobile combustion of own fleet, fugitive emissions of cooling agents;
  - Scope 2 – purchased electricity;
  - Scope 3 – emissions related to fuel consumption in connection with logistics activities by outsourced external transportation service providers, for nine major markets, accounting for more than 85% of DKSH's total net sales; Emissions from air travel for business purposes by all employees worldwide
- Types of GHGs included: CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub> and HFCs.
- GHG information for the following period was verified: 01/01/2021 – 31/12/2021
- Intended user of the verification statement: Stakeholders such as national and international NGO's, customers, general public, regulators and rating agencies.

#### **OBJECTIVE**

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the CO<sub>2</sub> equivalent emissions are as declared by the organization's CO<sub>2</sub> equivalent assertion
- That the data reported are accurate, complete, consistent, transparent and free of material error or omission.

#### **CRITERIA**

Criteria against which the verification assessment is undertaken are the requirements of WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard.

#### **MATERIALITY**

The materiality required of the verification was considered by SGS to be below 10% for Scope 1 and Scope 2 emissions, based on the needs of the intended user of the GHG Assertion.

#### **CONCLUSION**

The GHG information of DKSH for the period 01/01/2021 – 31/12/2021 disclosing Scope 1 and 2 emissions of 59,567 metric tonnes CO<sub>2</sub> equivalent (including gross location-based emissions for electricity) were verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria. A further 67,299 tonnes of CO<sub>2</sub> equivalent from Scope 3 sources were verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria.

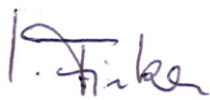
Included in the DKSH GHG assertion for the period 01/01/2021 to 31/12/2021, and in addition to scope 2 emissions of 54,521 metric tonnes CO<sub>2</sub> equivalent, is a disclosure of emissions of 29,792 metric tonnes CO<sub>2</sub> equivalent for scope 2 market-based emissions. This figure includes purchase of renewable electricity certificates by DKSH. These emissions have been verified by SGS based on WRI GHG Protocol Scope 2 Guidance.

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO<sub>2</sub> equivalent assertion is not materially correct and is not a fair representation of the CO<sub>2</sub> equivalent data and information.

**Signed for and on behalf of Société Générale de Surveillance SA, Technoparkstrasse 1, 8005 Zurich, Switzerland**



Daniel Aegerter  
Lead Auditor



Ingrid Finken  
Product Manager Climate Change Services

Zurich, June 30<sup>th</sup>, 2022

WWW.SGS.COM

## **Sustainability Report 2021**

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**Edition: July 2022**

