

# Corporate functions

DKSH's Business Units are supported by highly specialized teams from centralized corporate functions. These functions provide common standards and support the Business Units and countries to reduce their administrative workloads so that they can concentrate on what they know best: running their business. The corporate services teams support Business Units and country operations in many important ways, ensuring that the company makes the best possible use of synergies across the Group, shares best practices and works to the same high standards in everything it does. In 2015, all functions collaborated closely to help achieve further growth as market leader in the Market Expansion Services industry.

## Finance

The Finance function manages Group-wide financial activities that range from accounting, budgeting and controlling to financial analysis, reporting, treasury and taxation. Additionally, this function consists of IT.

The CFO and Business Controlling, Treasury and Taxation functions are located in Singapore and provide analysis, reporting and decision support to operations.

The Zurich-based Corporate Accounting and Reporting team monitors compliance with financial policies, coordinates the Group-wide financial reporting and consolidation as well as external reporting according to IFRS and SIX requirements. The Corporate Controlling team does the business analytics, prepares internal reporting to the management and Board of Directors, coordinates the forecasting and target setting process and supports the business with various ad hoc reporting. Our centralized Group Treasury function

enables the Group to increase both operational and financial efficiencies to improve control of financial risks and to reduce costs through scale benefits. Corporate Tax works to continually optimize Group-wide tax compliance and efficiency.

Our global IT system is supported by a strong team of around 400 specialists, with the core IT services centralized at the Corporate Shared Services Center (CSSC) in Kuala Lumpur, Malaysia. Established in 2004 to centralize and standardize our company's IT platform and processes, it has become a global hub for our leading-edge IT services, setting new industry standards for market information access and comparability. Today it is a crucial part of the scalability of our business and allows us for swift integration of newly acquired businesses. Highly specialized IT staff develop new software solutions and provide services, such as hosting the entire Enterprise Resources Planning (ERP) system and running a standardized global SAP platform. Based on its data volume and the number of reports being generated, the CSSC is considered to run one of the world's largest Business Warehouse applications based on SAP.

Within CSSC is the small but rapidly growing Business Process Outsourcing (BPO) Team which provides central back office support to DKSH operations around the world.

## Corporate Development

This function is responsible for the areas of Human Resources, Corporate Communications and Branding, Investor & Media Relations, Strategy, Internal Consulting, Business Process Re-engineering and Center of Excellence for Digital Business.

Corporate Human Resources provides a comprehensive strategic HR framework, focusing on new hires, talent and management development, performance management and employer branding as well as compensation and benefits. The function also provides strategic direction to the local Human Resources teams, driving more corporate guidance and alignment across the Group with the introduction of standardized HR core processes. In 2015, DKSH continued the rollout of the Fantree Academy designed to be the corporate training and development center for DKSH. The Group-wide leadership programs focus on developing core leadership capabilities, which are required at the different levels of seniority, while the skills programs focus to further develop specific competences relevant to certain functions or areas of development.

Corporate Communications and Branding is responsible for parts of external and internal Group communications as well as for the DKSH branding project. The function aims to make DKSH known as the No. 1 Market Expansion Services Group with a focus on Asia and promotes this message throughout the world's business community.

The Investor & Media Relations function is our interface to analysts, investors and the media – responsible for ensuring professional communication with the capital market and other external stakeholders.

The Group Strategy function supports management in setting and aligning on the direction and ensure performance is in line with our strategic vision; the role of Group Strategy extends beyond planning to also work closely with local teams to

support the strategy execution process.

The Internal Consulting team manages corporate projects and works in close cooperation with our operations, supporting and advising them both on strategic as well as operational challenges and opportunities.

The Business Process Re-engineering team conducts efficiency programs to increase the overall operational effectiveness and efficiency of DKSH. It ensures that all processes and systems are optimized to their full capability and enable further sustainable, profitable growth.

The Center of Excellence (CoE) for Digital Business plays a key role in positioning DKSH as a preferred partner for online channel management and digital services in Asia. With a pan-Asian network of digital experts and partners, the CoE for Digital Business actively drives the development of digital services and capabilities across the organization and the rollout of DKSH Connect, our online client and customer engagement platform.

### **Corporate Affairs & Strategic Investments**

This function consists of Mergers & Acquisitions, Governance, Risk and Compliance, Country Organizations as well as Fashion & Apparel.

Governance, Risk and Compliance and Country Organizations are important pillars of our Corporate Governance structure, providing clear guidance as well as designing and implementing corporate policies across the Group. Our risk management focuses on strategic, operational, financial and compliance risks and ensures adequate insurance management. Entrusted with country organization, Corporate Affairs ensures a regular dialog with the Heads of Country Management and local Management Teams to implement and monitor various initiatives and policies.

The Mergers & Acquisitions team supports management at every stage of the selling and buying of businesses.

The Internal Audit function is another important element of our Corporate Governance. With its independent reporting line to both the Chairman of our Board of Directors as well as to the Audit Committee, it is well-established and provides a very sound check and balance system.

### **Corporate Supply Chain**

Corporate Supply Chain supports our Business Unit operations by setting standards and guidelines on distribution centers, ground transportation, customs compliance and international freight management. The team works to manage

standard KPIs and share best practices around the Group, develop IT applications for world-class logistics and evaluate new supply chain infrastructure and investments, particularly optimizing synergies between Business Units and countries. The function is also engaged in inventory optimization projects to maximize service and minimize working capital related to goods held in the DKSH network. In 2015, DKSH opened several new, state-of-the-art distribution centers in Taiwan, Malaysia and Cambodia which brought the total area of DKSH's logistics infrastructure to about 900,000 square meters.