

Compliance Incidents Reporting and Investigations (CIRI)

Version:	2.0
Effective date:	October 1, 2021
Approved by:	Executive Committee
Issued by:	Group Governance Risk Compliance (GRC)
Distribution:	Country Management Teams and Corporate Function Heads

Supersedes and replaces all prior versions as from the effective date.

Table of contents

- 1. Purpose.....4
- 2. Scope and ICC reporting4
- 3. Definitions4
- 4. Policy statement5
- 5. Reporting channels.....5
 - 5.1 Reports via Integrity Line5
 - 5.2 Other reporting channels.....6
- 6. Investigations6
 - 6.1 General principles.....6
 - 6.2 Case ownership.....6
 - 6.2.1 Level.....6
 - 6.2.2 Function.....6
 - 6.2.3 Individual6
 - 6.3 Investigation procedure.....6
 - 6.3.1 Internal investigation principles.....6
 - 6.3.2 External investigations7
 - 6.4 Completion of investigation7
 - 6.5 Investigation reporting.....7
- 7. Disciplinary action7
 - 7.1 Determining factors.....7
 - 7.2 Examples of disciplinary sanctions.....7
 - 7.3 Authority for sanctioning.....8
 - 7.4 Reporting to GRC8

8. Documentation.....8

 8.1 Recording of Incidents8

 8.2 File retention.....8

Appendix: A general guide to conduct internal investigation.....10

1. Purpose

DKSH is committed to lawful, fair, ethical and sustainable business practices, as outlined in DKSH's Code of Conduct, and expects corresponding behavior by all its employees and appointed service providers. Incidents may occur that do not meet such expectations and may be of concern to employees or other stakeholders. This policy ("Policy") provides guidance on the procedures to be followed to investigate reported Incidents, including roles, responsibilities and authorities of the parties involved.

2. Scope and ICC reporting

Scope

This Policy applies to DKSH Holding Ltd. and all its subsidiaries and affiliates worldwide, and includes all employees irrespective of their function, title or rank (e.g. directors, managers), as well as joint ventures and any third parties appointed by DKSH providing services for and/or on behalf of DKSH.

Exclusions from scope:

- Anti-Fraud policy: the reporting and handling (incl. investigations) of fraud cases follow procedures defined under DKSH's Anti-Fraud policy and is excluded from the scope of this Policy
- Internal Audits: the reporting of findings by the Group's Internal Audit Function (GIA) resulting from audit assignments is excluded from the scope of this Policy

ICC reporting

Reporting of Incidents relating to compliance matters which are also reportable under the Incident & Crisis Communications (ICC) policy shall be subject to pre-authorization by GC for the ICC process. Pre-authorization must be sought without delay, including phone or instant communication means for cases that may develop rapidly.

3. Definitions

"Case" refers to an Incident that has passed substantiation requirements and is subject to an investigation.

"Case Coordinator" refers to a DKSH local manager nominated by VP Governance, Risk and Compliance (GRC) to receive Reports via Integrity Line, coordinate and administrate Reports via the system, which includes but not limited to, consultation and communication with management and other relevant parties, update of Case files, communication with Reporters via Integrity Line, closing and archiving of Cases. Case Coordinators may also be appointed Case Owner by the VP GRC.

"Case Owner" refers to a senior DKSH manager assigned by VP GRC the overall accountability for the investigation of the reported Incident, including appointment of suitable investigators, oversee of investigation procedures, their closure and outcomes, as well as the authority to make recommendations on sanctioning.

"DKSH" refers either to DKSH Holding Ltd., its Board of Directors and/or the Executive Committee.

"Incident" refers to an actual or suspected unlawful act, breach of contract, immoral, improper or unethical behavior, unfair treatment, discrimination or harassment, violation of DKSH policies, as well as a threat, demand or the like raised in relation to an unlawful act allegedly committed by DKSH.

"Integrity Line" refers to a web-based, secure and confidential tool made available by DKSH to its employees and external parties for the reporting of Incident.

"GRC Lead Case Coordinator" refers to the GRC Enforcement Manager or, in absence of it, VP GRC.

"Material Case" refers to an Incident meeting at least one of the following criteria:

- Financial impact, either actual or contemplated, of CHF 100,000 or above
- Allegation of bribery, money laundering or anti-competitive behavior
- Allegation against a senior manager (ML3 or above)
- Allegation carrying a significant reputation risk (e.g. adverse media reports)
- Allegation involving a critical business partner (client, customer, service provider), whereas “critical” refers to a significant role or size that would make it difficult for the business partner to be replaced
- Investigation or enquiry by governmental authorities

“Report” refers to a transmission of information relating to an Incident.

“Reporter” refers to the person making a Report.

4. Policy statement

DKSH expects proper business conduct by all its directors, employees and appointed service providers, as provide by DKSH Code of Conduct and various related policies, and encourages reporting of actual or suspected Incidents.

DKSH treats all Reports with confidentiality and protects the identity of Reporters unless its disclosure is authorized by the Reporters themselves, or pursuant to legal or contractual obligations or requested by governmental authorities.

All Incidents shall be investigated if sufficiently substantiated, and corrective action shall be taken if any wrongdoing is found.

DKSH encourages employees and external stakeholders to speak up and report Incidents. DKSH commits to protecting against retaliation the Reporters reporting in good faith, but may take disciplinary and legal action for deliberate abuses, i.e. reporting with an ill intent.

5. Reporting channels

5.1 Reports via Integrity Line

DKSH favors and encourages reporting of Incidents by employees and external stakeholders via Integrity Line, accessible from the link available on the company’s global and local websites.

Reports received via Integrity Line are subject to the following process:

- All Reports are automatically routed to Case Coordinators and GRC Lead Case Coordinator
- The Integrity Line system generates an automatic Report submission acknowledgement email to the Reporter indicating a response can be expected within seven working days
- Case Coordinators, in alignment with GRC Lead Case Coordinator, conduct a preliminary assessment and triage and take further action based on the nature and substance of a Report, such as:
 - Consult with appropriate members of management for further assessment, substantiation or other action
 - Refer fraud related Reports to GIA for further action
 - Assign Reports that are not considered Incidents to other functions better qualified to handle the matter
 - Reject Reports if considered not relevant or not sufficiently substantiated
 - Contact the Reporter for further information if Reports are unclear or unsubstantiated
 - Determine whether the Incident is a Material Case or not
- Reports sufficiently substantiated to be investigated are assigned to a Case Owner for investigation according to section 6
- Case Coordinators monitor investigation progress and ensure that Case files are kept updated and Reporters are periodically informed on investigation status and, ultimately, closure

5.2 Other reporting channels

Incidents reported from other channels such as email, verbally, or detected during course of business or following a regulatory intervention (including authority enquiry), shall be reported immediately to Case Coordinator that shall record the reported Incident without delay in the Integrity Line; the Integrity Line procedure provided under 5.1 applies.

6. Investigations

6.1 General principles

All Incidents shall be investigated if allegations are clear, have sufficient merits and credibility, and are submitted by a credible source.

6.2 Case ownership

6.2.1 Level

- Non-Material Cases: Case Owner is appointed at local level by Case Coordinator and Head Country Management (HCM)
- Material Cases: Case Owner is appointed by GRC in alignment with General Counsel (GC) and Head Corporate Affairs and Strategic Investments (CAF). GRC shall retain an oversight and advisory role when it is not Case Owner

6.2.2 Function

Case ownership shall be assigned to the function best qualified to investigate the Incident, i.e.:

- Group Compliance: Incidents relating to non-compliance with laws and regulations (unless falling under responsibility of another function), including DKSH compliance policies
- Legal: Incidents relating to insider trading rules, ad-hoc reporting requirements, and anti-competitive behavior
- Human Resources (HR): Incidents relating to employment, health & safety, human rights and unethical behavior
- Finance: Incidents relating to finance, accounting or taxation matters
- Supply Chain Management: Incidents relating to products such as product safety, product theft, and DC security

By decision of the Board of Directors of DKSH Holding Ltd, its Audit Committee, or the CEO, investigation of Incidents may be assigned to Group Internal Audit and/or to any other functions.

6.2.3 Individual

For determining Case ownership at individual level, the following criteria shall be considered:

- Objective and scope of the investigation
- Independence (i.e. absence of conflict of interest) and professionalism of individuals involved in the investigation
- Internal subject-matter expertise required and available
- Availability, location of and access to the information required

6.3 Investigation procedure

6.3.1 Internal investigation principles

All investigations, irrespective of their materiality, must observe the following principles:

- a. Specific consideration shall be given when determining investigation approach and team to preservation of legal privilege and prevention of legal exposures that may arise from investigation proceedings
- b. The existence of investigation and information collected shall be treated as confidential throughout the investigation and thereafter. The investigation team shall involve employees and share information strictly on a need-to-know basis and against assurance of confidentiality. All reasonable precautions

shall be taken to protect the anonymity of confidential Reporters. For Material Cases, GRC may issue specific protocols to be followed to ensure confidentiality, including use of project code names

- c. Investigations must be properly planned and executed in a timely manner with the aim of appropriate corrective action, including sanctioning of errant employees and service providers, protecting DKSH against financial harm (including loss recovery), and safeguarding DKSH reputation. Appendix 1 provides a detailed checklist to help facilitate an adequate planning and execution process
- d. Local law and this Policy must always be followed when conducting investigations; in case of conflict, local law prevails
- e. Investigations must be conducted in an equitable manner. Both implicating and exonerating evidence shall be obtained, duly examined and considered
- f. Employees subject to an investigation shall be given the opportunity to defend themselves against allegations before conclusion of an investigation, unless not permissible under local law
- g. Investigators must be granted full access to information and individuals. Relevant information shall be obtained from all sources that can reasonably contribute to the result of the investigation
- h. Involvement of external parties into the investigation process, as investigated or investigating parties, must be pre-approved by GC

6.3.2 External investigations

External investigations refer to the appointment of third parties providing investigation services for and on behalf of DKSH. External investigations follow the principles of section 0 above, but the investigation approach and procedure shall be determined on a case-by-case basis, in coordination with VP GRC.

6.4 Completion of investigation

Investigations shall be considered completed when:

- Sufficient evidence has been obtained to substantiate an allegation, or
- The allegations have been concluded to be unsubstantiated

Decision authority to end investigation proceedings lies with Case Owner, with a veto right of GC.

6.5 Investigation reporting

Investigations shall be summarized in an investigation report that addresses:

- a. Purpose and objective
- b. Scope
- c. Approach
- d. Findings, including root cause analysis and conclusion
- e. Recommendations on (i) further proceedings, including sanctioning (if applicable) and (ii) remediation actions, e.g. policy, process or control improvements

7. Disciplinary action

7.1 Determining factors

The level of sanctioning shall consider the following factors:

- Gravity of wrongdoing (i.e. sanctioning shall be proportionate to the wrongdoing), including:
 - Type of violation, e.g. violation of internal policy, the law (administrative or criminal offense)
 - Consequences of the violation, e.g. financial damage, adverse media, loss of reputation
- Reasons for the violation, e.g. deliberate act, coercion, negligence, knowledge gaps
- Frequency of the violation, i.e. one-time, occasional, systematic
- Equity across DKSH (i.e. same level of sanctioning for same or similar wrongdoing)
- Local legislation must be observed

7.2 Examples of disciplinary sanctions

Disciplinary action against employees may include:

- Warning letter
- Internal transfer
- Exclusion/reduction/claw back of variable pay, exclusion from merit increase
- Demotion, lower eligibility for or postponement of promotion
- Termination of employment
- Legal action, e.g. for recovery of losses, investigation cost
- Report to authority

Disciplinary action against third parties may include:

- Termination of contract
- Requests for change in service provider's team serving DKSH

7.3 Authority for sanctioning

Case Owner recommends sanctioning measures in alignment with HCM and Human Resources Manager (HRM).

For Material Cases, sanctioning decisions are taken jointly by the Chief HR Officer, CAF and GC. Heads of Business Units or Functions responsible for units under investigation shall be consulted but shall not be part of the decision-making process. Cases shall be escalated to the CEO if no consensus can be reached.

For non-Material Cases, decisions shall be taken jointly by the HCM and the HRM, in alignment with GRC, whereas the local BU or Function head responsible for the unit under investigation shall be consulted but shall not be part of the decision-making process. Cases shall be escalated to follow the decision-making process as determined for Material Cases if no consensus can be reached.

7.4 Reporting to GRC

Execution of disciplinary measures shall be reported to GRC in a timely manner by Case Owner.

8. Documentation

8.1 Recording of Incidents

GRC shall retain a record of all Incidents on the Integrity Line tool, including Incidents reported from other channels as per section 5.2, thereby creating a central repository for all Incidents reported under this Policy.

Case Coordinators are responsible for ensuring that their respective Incident repository is properly maintained and updated timely.

8.2 File retention

Case files must be retained for a minimum of ten years. Apart from storing files via the Integrity Line tool, Case files must be archived electronically, and where applicable and/or meaningful, physically in a single location per country as determined by HCMs for their respective countries and as communicated to GRC, or as directed by GRC. Access to Case files must be strictly limited to ensure confidentiality. Post-investigation access to Case files requires approval of HCM and GRC.

If Case files may have any forensic value, originals shall be retained in a safe location, as determined by the HCM and as communicated to GRC, or as directed by GRC.

All relevant documentation shall be retained, including but not limited to:

- Documents with allegations, e.g. emails, letters, voice recordings
- Final investigation reports including appendices, if any

- Implicating or exonerating evidence identified
- Document preservation notices, confidentiality undertakings or any other legal documents
- Investigation files, e.g. copies of email databases, imaging of hard disks
- Follow up documentation on sanctioning measures, if any

Appendix: A general guide to conduct internal investigation

The following is a non-comprehensive question-format guidance to facilitate planning and execution of investigations:

Phase 1: Preliminary risk assessment

- What is the source of the allegation?
- What is the nature of the alleged misconduct?
- What are the potential consequences – directly and indirectly?
- Is it a violation of the law or violation of internal policy?
- Is there a duty to disclose the Incident (to authorities, clients, others)?
- Who is involved in the Incident (which employee or groups of employees, at what hierarchical level)?
- Is it an isolated event or part of a broader systemic practice?
- Is there an ongoing issue that requires immediate attention?

Phase 2: Establishing investigation protocol

- What is the source of authority at issue? (e.g. a specific law or regulation, Code of Conduct)
- What is the scope and objective of the investigation?
- Who should lead the inquiry and who should be part of the team (refer to section 6 of this Policy)?
- What other internal functions are concerned and what should be their role? (e.g. Legal, IT, HR)
- Is any internal functional experts required?
- Is any external support required (refer to section 6.3.2 of this Policy)?
- Is there any language or cultural barrier that need to be addressed?
- Are data privacy laws to be considered?
- Is there any risk of data leakage?
- Is there any documents or data to be preserved (locating and preserving evidence; need for issuance of document preservation notice)?
- How, where, when and who to access data or individuals? Is there any data to be secured or accessed secretly?
- Is the investigation legally privileged?
- What, how, when and with whom to communicate?

The result of phase 2 should be a preliminary plan, including the chronology of the inquiry. Once discussed and approved by relevant parties, the investigation process can begin.

Phase 3: Conducting the investigation

- Execution as per approved plan
- Remote gathering of data
- Communication
- Data gathering on the ground – electronic, hard copies, interviews
- Are there any interim measures required based on preliminary findings?

Phase 4: Investigation report

- An investigation should ultimately answer the following questions:
- Did misconduct arise due to management pressures or a tone of lawlessness?
- Were appropriate procedures in place and if so, why did they fail to prevent misconduct?
- Did senior management know of or participate in the misconduct?
- Was misconduct systemic or isolated?
- What was the timing and duration of the misconduct?
- Are there any losses or damage resulting from the issue (financial, reputation, human capital)?

- Are there any recovery actions to be taken, and are the actual losses recovered?
- Is there any harm inflicted on others?
- How soon after discovery did the company implement an effective response?
- Were wrongdoers adequately sanctioned?
- Is the disclosure of the misconduct required by contract, law or regulation?