

Fraud and Compliance Incidents Reporting and Investigations (IRI)

Version: 3.0
Effective date: June 1, 2024
Approved by: Executive Committee
Issued by: Group Governance Risk Compliance (GRC) and Group Internal Audit (GIA)
Distribution: DKSH Group

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

- 1. Purpose 4
- 2. Scope and Incident & Crisis reporting 4
 - 2.1 Scope..... 4
 - 2.2 Incident & Crisis reporting 4
- 3. Definitions 4
- 4. Policy statement 5
- 5. Reporting an Incident 6
 - 5.1 Timing and reasons for reporting 6
 - 5.2 Reporters 6
 - 5.3 Procedure 6
 - 5.4 Information required 7
 - 5.5 Communication and confidentiality 7
 - 5.6 Non-retaliation commitment 7
- 6. Investigations..... 7
 - 6.1 Reporting channels..... 8
 - 6.2 Case ownership 8
 - 6.2.1 Level 8
 - 6.2.2 Function 9
 - 6.2.3 Individual 9
 - 6.3 Investigation procedure 9
 - 6.3.1 Internal investigations..... 9
 - 6.3.2 External investigations 10
 - 6.4 Completion of investigation 10
 - 6.5 Investigation reporting 10
- 7. Disciplinary action..... 10

7.1 Determining factors 10

7.2 Possible sanctions 10

 7.2.1 Employees 10

 7.2.2 Third parties 10

7.3 Sanction authority 11

7.4 Reporting to GRC/GIA 11

8. Documentation and file retention 11

Appendix 1 – Case ownership 12

1. Purpose

DKSH Holding Ltd. (“**DKSH**” or the “**Company**”) and its group companies (“**Group**”) are committed to lawful, fair, ethical, and sustainable business practices, as outlined in DKSH’s Code of Conduct, and expect 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 on the reporting of fraud and compliance incidents and on investigations (“**Policy**”) provides guidance on how and when to make a Report (as defined below) and which procedures are followed to investigate reported incidents, including roles, responsibilities, and authorities of the parties involved.

2. Scope and Incident & Crisis reporting

2.1 Scope

The Policy applies to DKSH and all its subsidiaries and affiliates worldwide, and includes all employees irrespective of their function, title, and 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.

The reporting of findings by the Group’s Internal Audit Function (“GIA”) resulting from audit assignments is excluded from the scope of this Policy.

2.2 Incident & Crisis 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 the VP of Governance, Risk and Compliance (“**GRC**”) to receive Reports (as defined below) via Integrity Line (as defined below), coordinate and administrate Reports in the system, which includes but is not limited to, consultation and communication with management and other relevant parties, update of Case files, communication with reporters (as defined below) via Integrity Line, closing and archiving of Cases. Case Coordinators may also be appointed as Case Owner (as defined below) by the VP GRC or VP GIA (in case of fraud).

“**Case Owner**” refers to a senior DKSH manager assigned by VP GRC or VP GIA (in case of fraud) with the overall accountability for the investigation of reported Incidents, including the appointment of suitable investigators, the oversight of the investigation procedures, the closure and outcomes of Cases, as well as the authority to make recommendations on sanctioning.

“**Incident**” refers to an actual or suspected unlawful act, breach of contract, immoral, improper or unethical behavior, unfair treatment, discrimination or harassment, fraud, 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 Incidents.

“GIA Lead Case Coordinator” refers to the person in charge of coordinating fraud cases or, in their absence, the VP GIA.

“GRC Lead Case Coordinator” refers to the GRC Enforcement Manager or, in their absence, the 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
- Allegations of bribery, money laundering or anti-competitive behavior
- Allegations against members of the senior management (see definition below)
- Allegations which carry a significant reputational risk (e.g. adverse media reports)
- Allegations involving a critical business partner (client, customer, service provider), where “critical” refers to a significant role or size that would make it difficult for the business partner to be replaced
- Investigations or enquiries by governmental authorities

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

“Reporter” refers to the person making a Report. Reporters can include but are not limited to current, former, or prospective DKSH employees, clients, suppliers, vendors, contractors, and customers.

“Retaliation” refers to any unjustified and/or unfavorable treatment as a result of a Report, which could include but is not limited to reduced pay or hours, dismissal, demotion, suspension, harassment, discrimination, or threats.

“Senior management” includes but is not limited to:

- Members of the Executive Committee (“**ExCo**”);
- Heads of corporate functions (generally at VP level);
- Local Business Unit managers/heads or heads of support functions such as HR or Finance (whether local CMT member or not); and
- Regional functions reporting to members of the ExCo.

In case of doubt, the decision authority under this Policy lies with GRC or GIA depending on the nature of the case.

4. Policy statement

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.

At DKSH, we always seek to do the right thing. DKSH encourages employees and external stakeholders to speak up and report Incidents. DKSH does not allow retaliation against any Reporters reporting in good faith, even if the reported Incident is ultimately not substantiated. DKSH also prohibits retaliation against anyone who cooperated with an investigation into potential misconduct. DKSH may, however, take disciplinary and legal action for deliberate abuses, i.e. reporting with an ill intent.

Employees have a responsibility to cooperate and participate in good faith in any lawful and reasonable internal investigation undertaken by DKSH in accordance with this Policy.

5. Reporting an Incident

5.1 Timing and reasons for reporting

Reports can be made on any actual or suspected (i) unlawful act, (ii) breach of contract, (iii) immoral, improper or unethical behavior, (iv) unfair treatment, (v) discrimination or harassment, (vi) fraud, (vii) violation of DKSH policies, or (viii) threat, demand or the like raised in relation to an unlawful act allegedly committed at DKSH or related to DKSH.

Concerns should be raised as early as possible, ideally prior to the occurrence of any wrongdoing.

Areas of concern might be:

- Anti-competition issues
- Bribery, corruption or kickbacks
- Fraud, embezzlement, misappropriation or theft
- Inadequate or improper financial or non-financial record keeping
- Insider trading
- Environmental or health and safety violations
- Fair play breaches or conflicts of interest
- Harassment, bullying or discrimination
- Problems relating to data protection and IT security
- Interactions with Healthcare Professionals
- Human rights violations
- Misuse of confidential business information
- Retaliation against anyone who has made a Report

5.2 Reporters

Reports can be made by anyone who wishes to raise a concern about possible misconduct within DKSH including former, current, or prospective employees of DKSH, clients, suppliers, vendors, contractors, and customers.

5.3 Procedure

Concerns about suspected misconduct can be raised through a variety of channels. DKSH favors and encourages reporting of Incidents by employees and external stakeholders via the Integrity Line (dksh.integrityline.org). This link is also accessible from the Company's global and local websites and the DKSH intranet.

The Integrity Line is available 24/7 and in multiple languages. Reports can be made anonymously. Further guidance is available on the Integrity Line portal homepage.

However, DKSH employees can also report any actual or suspected non-compliance to their managers, or appropriate members of the HR, Legal, Compliance or Internal Audit functions, depending on the nature of the issue.

DKSH managers who receive Reports from their subordinates should inform the correct department within DKSH without delay so that this can be recorded and reviewed in accordance with the relevant procedures.

5.4 Information required

Reporters do not need to have all the details or be certain that wrongdoing has occurred. However, it is recommended that Reporters describe the facts in as much detail as possible so that those who are investigating can best understand the allegations and investigate more thoroughly.

If possible, information on the following should be provided:

- *What happened or might happen?*
- *What are the names of the people involved?*
- *Where and when did it or will it happen?*
- *What evidence may exist which could substantiate the allegations?*
- *How did the Reporter become aware of the wrongdoing?*
- *Who else may be aware of the wrongdoing?*
- *Have any steps already been taken to remedy the situation?*
- *Are there any other facts that would be helpful to an investigator?*

5.5 Communication and confidentiality

If making the Report on Integrity Line, a Case Coordinator or Case Owner will be in touch with the Reporter within 7 days using the platform's secure mailbox. The Case Manager may also contact the Reporter via the platform during the investigation for further clarifications or to provide updates.

No matter the reporting channel, all investigations will be conducted in accordance with local laws and regulations, the Policy and any internal investigation procedures. DKSH aims to close all investigations in a reasonable timeframe; in complex cases, this can, however, take several months. For data privacy reasons, Reporters cannot be told full details about the outcome and result of the investigation.

All Reporters will be treated with dignity and respect. DKSH encourages Reporters to identify themselves as it makes it easier to follow up on and clarify the concerns in the Report and investigate where appropriate. It also makes it easier to support the Reporter. However, it is also possible to make a Report anonymously via Integrity Line. All Reporters' confidentiality will be respected during and after an investigation. When a Reporter chooses to disclose their identity, the information will only be shared with individuals directly involved in handling or investigating the Report.

5.6 Non-retaliation commitment

DKSH greatly values Reporters who identify and speak up about matters that need to be addressed. Retaliation in any way is not allowed, even if the reported Incident is ultimately not substantiated. DKSH also prohibits Retaliation against anyone who cooperated with an investigation into potential misconduct.

Retaliation or an attempt to identify the identity of a Reporter may lead to disciplinary action and can be reported and investigated in accordance with this Policy.

DKSH may take disciplinary and/or legal action against Reporters who have made a Report in bad faith or with ill intent, for example, if they are aware of the allegations being false.

6. Investigations

General principle

An Incident is investigated if (i) the allegations are clear, (ii) have sufficient merits and credibility, and (iii) are submitted by a credible source.

6.1 Reporting channels

Integrity Line

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

1. Preliminary assessments are conducted to understand the allegations that have been raised and take further action based on the nature and substance of a Report, including contacting the Reporter for further information and consulting with appropriate members of management.
2. The preliminary assessment will define whether an investigation is warranted. Case Coordinators monitor the investigation process and ensure that Case files are kept updated and Reporters are periodically informed on the investigation status and, ultimately, the closure.
3. Case ownership will be assigned to the function best qualified to investigate the Incident, in line with section 6.2.

Non-material fraud cases may be subject to immediate investigation, which serves as the preliminary assessment stage.

Others

Incidents reported by other channels in written or verbal form (e.g. to GIA or GRC) or which are detected during the course of business or following a regulatory intervention (including authority enquiry), shall be reported immediately to a Case Coordinator who shall submit the Incident without delay in the Integrity Line; the Integrity Line procedure provided above shall then apply.

Exemptions exist only for fraud cases identified outside the Integrity Line, which are managed by GIA.

6.2 Case ownership

6.2.1 Level

Non-fraud cases

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

Fraud cases

- Material cases:
 - Case Owner is appointed by GIA, in coordination with GRC, HCM, CFM, HRM, Legal and the affected business or functional unit.
- Non-material cases:
 - For cases with a financial impact, either actual or contemplated, of below CHF 20,000 (or equivalent in local currency): HCM and/or CFM shall manage an adequate investigation process including mitigation of losses, legal actions and personnel sanctions (if any) in coordination with HRM, Legal and the affected business or functional unit.
 - For cases with a financial impact, either actual or contemplated, of CHF 20,000 up to CHF 100,000 (or equivalent in local currency): Case Owner is appointed by GIA together with HCM and/or CFM in coordination with HCM, CFM, HRM, Legal and the affected business or functional unit.

The above is also outlined in Appendix 1.

6.2.2 Function

Case ownership shall be assigned to the function best qualified for the investigation of the Incident, as follows:

- **Group Compliance:** Incidents relating to non-compliance with laws and regulations (unless falling under the responsibility of another function), including DKSH compliance policies
- **Group Internal Audit:** Incidents related to fraud
- **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, its Audit Committee, or the CEO, investigations of Incidents may be assigned to GIA 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 of information required with regard to its location and access

6.3 Investigation procedure

6.3.1 Internal investigations

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

- a) Specific consideration shall be given when determining investigation approach and team to the preservation of legal privilege and prevention of legal exposures that may arise from investigation proceedings.
- b) The existence of an investigation and information collected shall be treated as confidential throughout the process 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 Reporters. For Material Cases, GRC/GIA may issue specific protocols to be followed to ensure confidentiality, including use of project code names.
- c) Investigations must be properly planned and executed promptly 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's reputation.
- 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 equitably. Both implicating and exonerating evidence shall be obtained, duly examined, and considered from all sources that can reasonably contribute to the result of the investigation. Investigators must be granted full access to information and individuals.

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 general principle of section 6.3.1 above, but the investigation approach and procedure shall be determined on a case-by-case basis, in coordination with the VP GRC or the VP GIA (in case of fraud).

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.

The Case Owner decides on the conclusion of the investigation proceedings, 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, internal control deficiencies (if applicable) and conclusion
- e) Recommendations on (i) further proceedings, including sanctioning (if applicable) (ii) remediation actions, e.g. policy, process, or control improvements and (iii) recuperation strategy, or efforts, or successes (whichever applies) (in case of fraud).

d) and e) relating to internal control deficiencies for fraud cases shall be coordinated with GIA for maintenance and resolution monitoring via the GIA-Next Step System.

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 and consequences of the violation
- Reasons for the violation
- Frequency of violation
- Equity across DKSH, i.e. same level of sanctioning for same or similar wrongdoing
- Local legislation

7.2 Possible sanctions

7.2.1 Employees

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

7.2.2 Third parties

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

7.3 Sanction authority

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

- a) For Material Cases (excl. fraud), the investigation team, along with the local HCM and HRM, shall recommend disciplinary sanctions. The final decision on sanctions is jointly made by the Chief HR Officer and the GC.
- b) For Material Cases related to fraud, the decision is jointly taken by the VP GIA, the CFO, the Chief HR Officer, and the GC. Cases shall be escalated to the CEO if no consensus can be reached.
- c) For non-Material Cases, decisions shall be taken jointly by the HCM and the HRM, in alignment with GRC (for non-fraud cases) / GIA (for fraud cases), whereas the local BU or function head responsible for the unit under investigation may 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/GIA

Execution of disciplinary measures shall be reported to GRC/GIA promptly by Case Owner.

8. Documentation and file retention

DKSH shall store Reports only as long as necessary and proportionate in order to comply with the applicable laws. Apart from storing files via the Integrity Line tool (for cases recorded there), 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 or directed by GRC (non-fraud cases) / GIA (fraud cases). Access to Case files must be strictly limited to ensure confidentiality. Furthermore, a Legal Hold may be issued (as per defined in the DKSH Legal Hold Procedure 1.0) to safeguard evidence.

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; and
- Follow up documentation on sanctioning measures - if any.

Appendix 1 – Case ownership

