Sustainability Report 2022

Delivering Growth – in Asia and Beyond.

DKSH

Welcome from the CEO

"Our newly developed Sustainability Strategy helps us to create value by embedding sustainability even further into our organization."

How can we build an even more sustainable business and fulfill our purpose of enriching people's lives? These questions guided us in 2022 as we developed our new Sustainability Strategy and revised our Sustainability Framework. Our Sustainability Strategy is rooted in the ambition that each Business Unit takes a proactive and competitive approach to sustainability. It focuses on four key objectives: **to enable our people to flourish, to make our value chains more sustainable, to become climate-neutral by 2030, and to create a positive impact for our local communities.** The revised Sustainability Framework now reflects these objectives and facilitates the implementation of our strategy.

In 2022, we already made good progress on all of these four objectives:

- **We increased the percentage of employees receiving training from 78 % in 2021 to 97 % in 2022 and our most recent employee engagement survey benchmarks well against leading global multinationals**
- **We progressed in setting up a responsible procurement program as well as in increasing transparency on waste**
- **We reduced our Scope 1 and 2 emissions by 42.0 % compared with our base year 2020 and by 3.5 % compared with 2021**
- **We initiated 76 local community projects**

Our four sustainability objectives are designed to positively contribute to sustainable development in the markets and communities where we operate. We are therefore proud that our efforts are increasingly recognized externally, for example, by being awarded the internationally renowned EcoVadis Gold Rating. Furthermore, participating in the UN Global Compact underlines our ongoing commitment to respecting human rights in all our activities, fostering sustainable development, and promoting the Ten Principles of the UN Global Compact.

As we look to 2023 and beyond, we will continue to diligently implement our Sustainability Strategy. And we will do so by continuously strengthening our sustainability organization, creating more awareness among our people, and working with our business partners to achieve our purpose of enriching people's lives.

CEO
▶ **GRI 2-22**

Contents

About Us

CHF 11.3 billion
net sales (2022)

53
innovation centers
200
distribution centers

Operations in
37
markets

2,200
clients
2,100
suppliers

32,600
employees

DKSH Identity

As an international company with over 32,600 employees, our Identity brings us together as one strong DKSH team working towards a shared goal.

Our Purpose

Enriching people's lives.

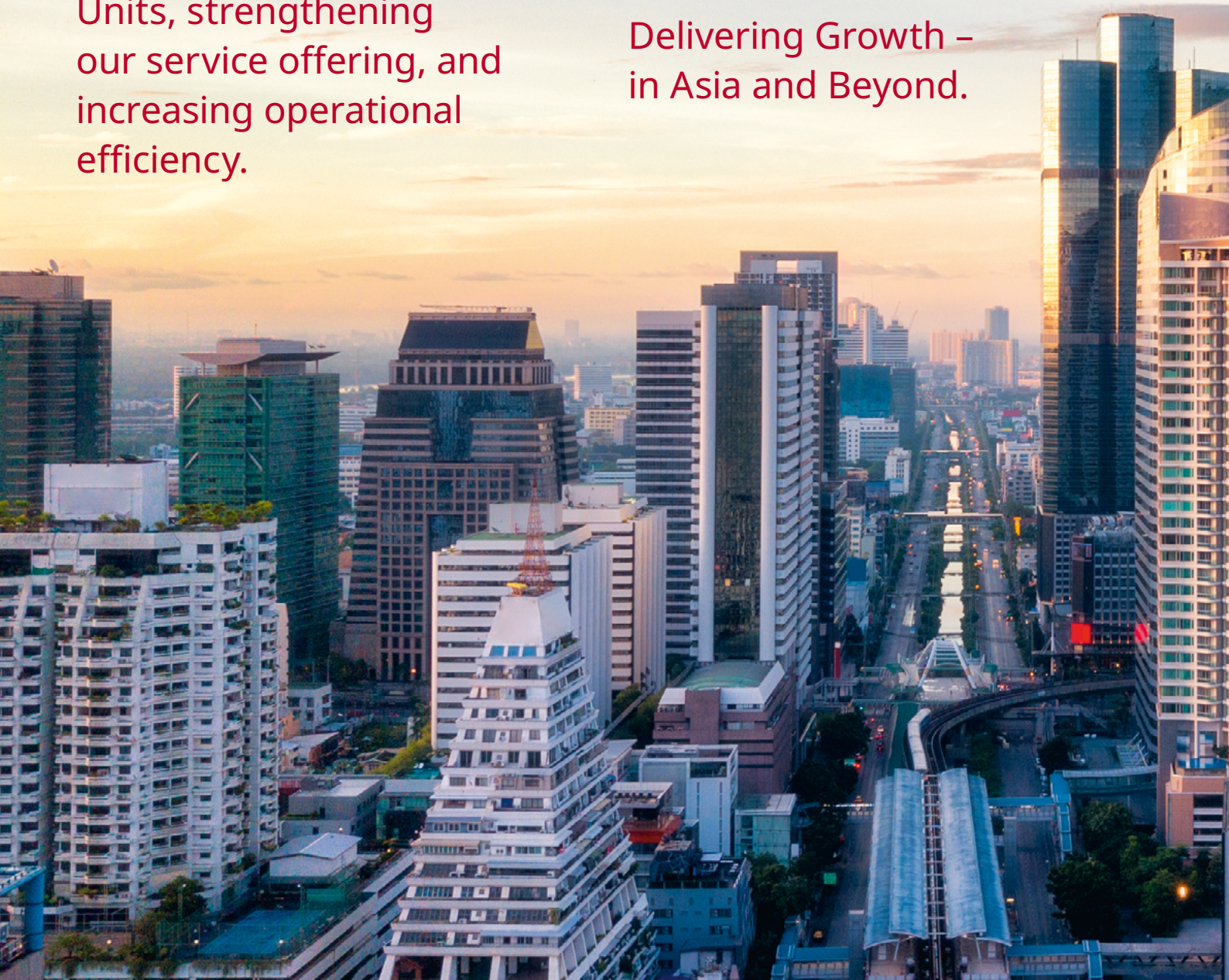**Our Vision**

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.

Our Purpose and Business Model

Our Purpose

DKSH Holding Ltd. ("DKSH"/"the Group") provides reliable access to high-quality and responsible products and services, creating sustainable value for our partners and contributing to raising the quality of life in the communities we operate in by generating jobs, perspectives, and opportunities for people's development and growth.

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

We do so by providing companies with access and expertise to grow in Asia Pacific, Europe, and North America. We call this Market Expansion Services.

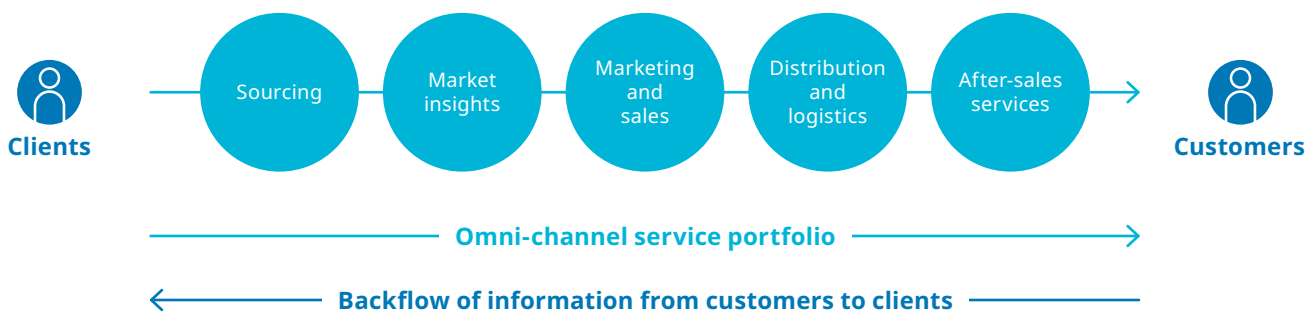⤴ See more:
Learn more about our purpose in this video:

Business Model

We offer a complete range of specialized services along the value chain – from sourcing, market insights, sales and marketing, to distribution and logistics, as well as after-sales services across four Business Units: Healthcare, Consumer Goods, Performance Materials, and Technology. Learn more about our Business Units in the DKSH at a Glance chapter in the Annual Report 2022.
Learn more about the services we offer on our website.

At DKSH, our business partners are clients or customers depending on their position in the value chain and the services we provide. Our business model is centered on DKSH's role as the key link between clients and customers. We help our clients grow by distributing, promoting, and servicing their products and our customers by providing access to high-quality products, services, and insights.
▸ **GRI 2-6**

Clients — Sourcing → Market insights → Marketing and sales → Distribution and logistics → After-sales services — **Customers**

→ **Omni-channel service portfolio** →

← **Backflow of information from customers to clients** ←

Sustainability Highlights 2022
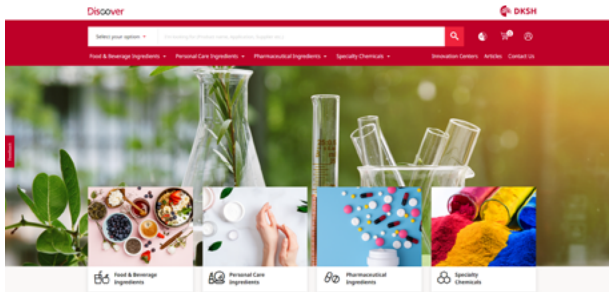
DKSH Discover – an award-winning eCommerce portal

Our Business Unit Performance Materials received six industry awards for accelerating digital transformation through our customer-facing portal, DKSH Discover. DKSH Discover allows us to efficiently promote sustainable specialty chemicals and food ingredients.

Joined the UN Global Compact

In 2022, we became a participant of the United Nations Global Compact, further strengthening our commitment to sustainability.

Our rating: EcoVadis Gold

DKSH won the EcoVadis Gold rating for sustainable business practices, ranking us among the top 5 % of companies in our industry rated by EcoVadis.

Driving innovation in sustainability

DKSH's Corporate Shared Services Center won the SAP Sustainability Award, a new prize highlighting innovative ways to achieve sustainability targets.

Building strong communities

DKSH Thailand won the Asia Corporate Excellence & Sustainability (ACES) Award for Community Collaboration, recognizing our commitment to making a positive local impact.

Going green in the APAC region

DKSH's Business Unit Technology partnered with FlowGen, a leading provider of turnkey renewable energy solutions, to market clean energy solutions in the Asia Pacific (APAC) region.

A new distribution center in Thailand

DKSH's Business Unit Performance Materials opened a new distribution center in Thailand that is expected to reduce CO_2 emissions by 87.6 tons annually.

132 metric tons donated

DKSH partnered with the Global FoodBanking Network and other similar organizations to reduce product waste across the APAC region.

Certified in accordance with ISO 9001 and 14001

DKSH's Business Unit Performance Materials received two major certifications for its distribution center in Indonesia.

Lending a helping hand

DKSH organized 76 local community projects; all our significant markets engaged in charitable activities, such as a nationwide beach clean-up activity in Malaysia in conjunction with International Coastal Clean-up Day.

Going digital with mPay

As its first market, in Vietnam, DKSH digitized its payment options with mPay, a dedicated digital customer payment solution that replaces conventional payment processes. With mPay, DKSH Vietnam successfully increased safety as well as efficiency of its payment processes.
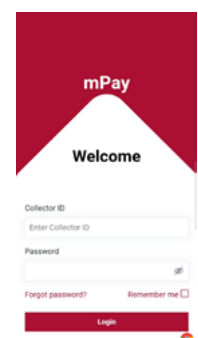
Progress Highlight

Harnessing Renewable Energy at Our Distribution Centers

DKSH Performance Materials' new distribution center in Bang Plee, Thailand

In a Nutshell

▶ **Our two brand-new distribution centers in Thailand have been equipped with solar panels.**

▶ **This project will help us reduce our impact on the climate and meet our goal of becoming climate-neutral by 2030.**

Reducing CO$_2$ emissions by
120 tons
each year

In 2022, our Business Units Performance Materials and Technology started operating two new distribution centers in Bang Plee, Thailand, providing support with national distribution in Thailand. It will take about six months from the project's launch in late 2022 until the solar panels become fully operational in June 2023. These grid-connected solar systems will have a respective capacity of 110 kWh and 77.5 kWh, together reducing our CO$_2$ footprint by 120 tons each year.

"Achieving our objective of becoming climate-neutral by 2030 will require action, from tapping green power sources to opting for efficient lighting."
Ian Bennett,
Director of Development and Sustainability, Thailand

Solar roofs are just one way that we are minimizing our impact. Both new distribution centers also feature LED lights and wastewater treatment systems. All of these measures serve as essential building blocks to achieving our Sustainability Strategy's objectives of becoming climate-neutral by 2030 and making our value chains more sustainable.

↗ See more:
Please refer to the Climate Change Mitigation chapter and the Sustainability Strategy chapter to learn more about our group-wide approach to mitigating climate change.

Progress Highlight

Reducing Water Consumption at Our Production Facilities

The water treatment system helps to recycle and reuse water (left). Ozone washing saves water in the finishing process.

In a Nutshell

▶ **Our denim finishing facility in Ayutthaya, Thailand, uses water-intensive processes to produce textiles such as jeans, T-shirts, and accessories.**

▶ **We strive to make our processes as environmentally friendly as possible to minimize negative environmental impacts.**

About
80 %
reduction in tap water usage from 2005 to 2022

We have taken special measures to save water at our denim finishing facility in Ayutthaya, Thailand. This facility uses recycled water rather than tap water and has introduced ozone washing machines to fade jeans. Unlike conventional methods, which dilute chemicals in water, ozone can be used on damp fabric – significantly lowering the amount of water needed for finishing.

> **"Water is an increasingly scarce resource, so we need to do all we can to conserve every drop at our facilities."**
> Peter Hornby,
> Vice President, Retail

Once water has been used, it enters our treatment system, where we filter out biosolids. Water is recycled and reused before ultimately being returned to the water authority for further treatment.

These steps helped us reduce tap water usage from about 95,000 m³ in 2005 to an average of about 12,000 m³ per year over the period from 2015 to 2022[1].

↗ See more:

To learn about our group-wide approach to protecting the environment, please refer to the Environmental Responsibility chapter and the Sustainability Strategy chapter.

1 Water consumption was lower than usual in 2020-2022 due to the COVID-19 pandemic and the related lower production capacity. To ensure comparability with 2005 as far as possible, we refer to average water consumption here.

Strategy and Governance

We want to continously increase the sustainability of our business to help connect companies and communities and enrich people's lives for years to come. In addition to engaging with stakeholders and conducting a materiality assessment, we have also developed a Sustainability Strategy and created robust governance and risk management processes.

Stakeholder Engagement and Materiality Assessment

We engage in constant dialogue with our stakeholders to stay abreast of material developments and impacts and to chart a strategic course in the right direction.

DKSH's senior management team has identified the stakeholder groups we regularly engage with:

- ▶ Clients
- ▶ Suppliers/vendors
- ▶ Employees
- ▶ Customers
- ▶ Shareholders/investors
- ▶ Local communities
- ▶ Authorities
- ▶ Consumers

We take a variety of approaches to engaging in meaningful dialogue with our stakeholders. Our most intense dialogue is maintained with our clients, including but not limited to due diligence processes, business negotiations, and audits. We also regularly conduct client satisfaction surveys. Business negotiations with suppliers are another source of valuable regular feedback on important issues and concerns.

As a reputable world-class service provider, our employees are our most important asset. Structured periodic employee engagement surveys and an open feedback culture allow for insights into employee concerns, which in turn help us improve our employment proposition.

▶ **GRI 2-29**

A materiality analysis helps us regularly check which topics are particularly important to our internal and external stakeholders by considering both the impacts that DKSH has on the world around us and the impacts that our surroundings have on our operations. The outcome of this assessment process informs our Sustainability Strategy, and drives our reporting practices in line with evolving stakeholder expectations, disclosure frameworks, and regulatory requirements.

Our process to determine impacts and identify material topics included:

- ▶ Step 1: Analysis of megatrends and sector-specific topics relevant to DKSH
- ▶ Step 2: Performing desk research to determine which topics have a substantial impact on key stakeholders and in which areas we are impacted by our stakeholders and the environment. Drawing on publicly available sources, this analysis has a global scope but a specific focus on markets in Southeast Asia, as most of DKSH's business activities are conducted in this region.
- ▶ Step 3: Validation of the findings in interviews with senior DKSH managers representing a cross-section of key DKSH Business Units, Functions, and regions, and who are regularly interacting with stakeholders. These interviews provided additional insights into different stakeholder expectations.
- ▶ Step 4: Review and endorsement of the result of the assessment process by the Executive Committee and the DKSH Board of Directors.

Going forward, we plan to enhance this process by conducting additional online surveys and interviews with a cross-section of stakeholders across multiple regions.

▶ **GRI 3-1**

This materiality assessment process resulted in the identification of 47 impacts which we regrouped into the following material topics:

- ▶ Health, Safety, and Well-being
- ▶ Employee Attraction, Satisfaction, and Retention
- ▶ Labor Practices and Human Rights
- ▶ Climate Change Mitigation
- ▶ Pollution Prevention
- ▶ Resource Efficiency
- ▶ Climate Change Adaption (chapter TCFD Report)
- ▶ Responsible Supply Chain
- ▶ Ethical Business
- ▶ Local Community Development
- ▶ Access to Food, Medicines, and Healthcare
- ▶ Product Quality and Safety

Accountability to our stakeholders is important to us, hence for each of the above topics we have dedicated a separate chapter in this report, organized into three main chapters. The Our People chapter features topics relating to our greatest asset forming the foundation of our value creation: our employees. The Our Business chapter sets out how we create value through our business model in the context of making our supply chain more sustainable. The Our Outcome chapter focuses on accountability towards fulfilling our company's purpose of enriching people's lives.

Please follow the above links to get to the corresponding chapters.

In 2022, our materiality analysis process yielded fresh insights into the most important topics for DKSH while taking account of changing stakeholder interests and the regulatory and political framework. While the analysis has shown slight changes in some regards, the general picture of material topics for DKSH remains stable. For instance, to reflect the growing importance of climate change, two new material topics on climate change adaption and climate change mitigation were added. The fair labor practices and human rights and responsible supply chain topics underscore the increasing importance of human rights in our business and supply chain. The updated material topics also highlight the positive impact that we have on local communities by reflecting how we improve access to food, medicines, and healthcare.

▶ **GRI 3-2**

We took due care when preparing this report by applying the Global Reporting Initiative's sustainability reporting standards (GRI Standards). To ensure that we provide our stakeholders with the most valuable information possible, this report is based on GRI's reporting principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.

Sustainability Strategy

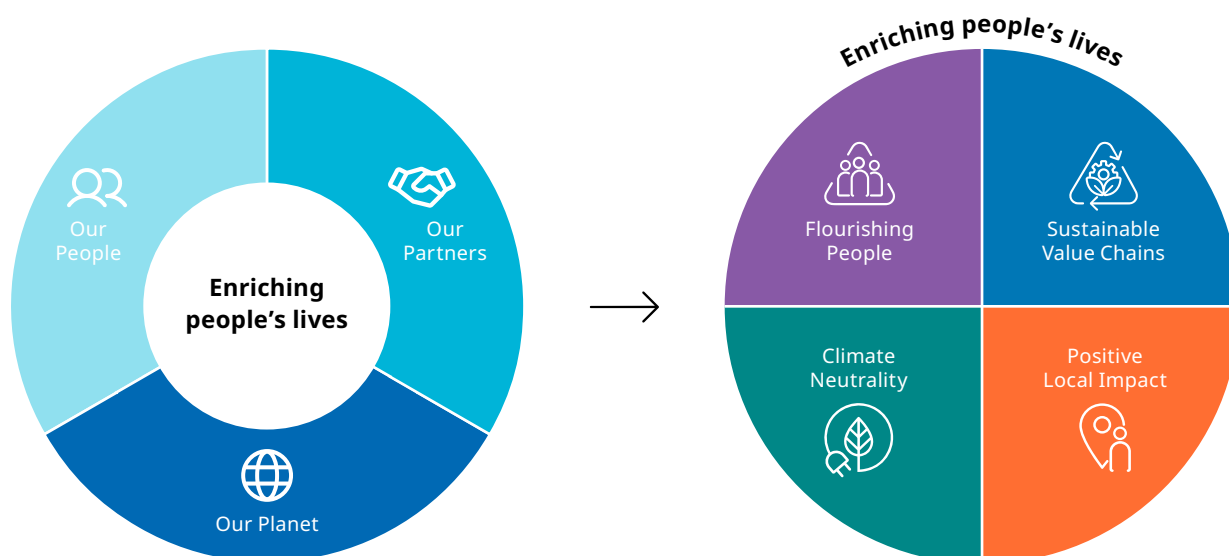**Sustainability is an Integral Part of Our Business**

Sustainability is one of DKSH's five values. We take responsibility for the environmental, social, and economic impacts of our business activities determined through our materiality assessment. Our commitment to creating a sustainable future means that we want to achieve long-term, profitable growth in a responsible manner.

We believe that sustainable value creation goes hand-in-hand with responsible governance and managing the impacts that our activities have on society and the environment. Providing access to markets and products is at the heart of what we do. Creating employment opportunities is also vital. After all, our activities are guided by our purpose to enrich people's lives through our contribution to sustainable development in the markets and communities in which we operate.

Revised DKSH Sustainability Framework and New Sustainability Strategy

During 2022, we revised our former Sustainability Framework "Our People – Our Partners – Our Planet" and developed a new Sustainability Strategy. As part of this process, we also made sustainability a focus area in our corporate strategy, which is confirmed by our highest governance body, the Board of Directors.

The revised Sustainability Framework now reflects the four objectives of our Sustainability Strategy. It continues to give guidance and helps us translate our strategic objectives into concrete action and tangible results – across all Business Units and Functions.

Our ambition is for each Business Unit to take a proactive and competitive approach to sustainability. We want to become a more sustainable company by emphasizing a decentralized approach at the level of the Business Units and Functions. By doing so, we can increase accountability, make strategy execution more effective, and make communication more efficient. This approach is especially beneficial because it allows us to take local needs into account and pinpoint the best solutions for Business Units and Functions, which in turn enables us to deploy tailor-made solutions for the Business Units' specific products and business models.

The Revised DKSH Sustainability Framework

The former "Our Partners" pillar has become "Make Our Value Chains More Sustainable". We fleshed out the "Our People" pillar to become "Enable Our People to Flourish". From "Our Planet" we derived two objectives: to "Become Climate-neutral by 2030" and to "Make a Positive Local Impact".

Revision of the DKSH Sustainability Framework

The DKSH Sustainability Framework now reflects the following four objectives of our Sustainability Strategy:

Enable Our People to Flourish

We aim to support our employees so that they can fully develop their talents and engagement. To this end, we create various opportunities for our employees' personal and professional advancement, such as training and an open feedback culture. We also respect human rights and promote diversity and inclusion to create an enabling working environment for all our employees.
For more information on our activities, please refer to the chapters: Labor Practices and Human Rights and Employee Attraction, Satisfaction, and Retention

Make Our Value Chains More Sustainable

We cooperate with our partners in the value chain to drive sustainability. It means procuring products and services responsibly, i.e. by respecting human rights and minimizing the impact on the environment. We are committed to reducing waste.
For more information on our activities, please refer to the chapters: Responsible Supply Chain and Pollution Prevention

Becoming Climate-neutral by 2030

Our focus is on making our own operations (Scope 1+2) climate-neutral by 2030, creating transparency regarding emissions and investing in solar panels. We continue to improve the efficiency of our operations – thereby decreasing the energy and CO_2 intensity of our business. This happens, for example, through optimizing transport routes and truck loads. In addition, we focus on energy-saving equipment, like LED lighting in our distribution centers.
For more information: Climate Change Mitigation

Make a Positive Local Impact

We aim to further promote our projects benefitting local communities. At the heart of what we do – providing access to markets, people, and products – we are guided by our common purpose of enriching people's lives. Our local community projects are focused on bringing positive impact to the communities where we operate, from alleviating hunger to improving life skills. Our local community projects are actively driven by our colleagues in the respective markets. For more information on our activities, please refer to the chapter: Local Community Development

Process of Revising the DKSH Sustainability Framework and Developing the Sustainability Strategy

We revised our Sustainability Framework and developed our Sustainability Strategy in four phases. Based on the ambition level confirmed in our corporate strategy, we started by developing four high-level objectives. We broke down these objectives into more specific goals at a Business Unit and Function level. These goals were then translated into a roadmap of specific targets and measures. From 2023 onwards, we continue to implement these specific targets and review our Sustainability Strategy annually.
We have identified three enabling factors that go hand-in-hand with successfully implementing our Sustainability Strategy:
▶ Governance and Organization: We will continue to build and optimize governance structures for sustainability
▶ Monitoring and Reporting: We will continue to improve our monitoring and reporting system as the basis for reporting, decision-making, and actions
▶ Culture: We will promote taking a proactive approach; we will "walk the talk" to roll out sustainability initiatives throughout our organization
▶ **GRI 2-24**

Our ambition is for each Business Unit to take a proactive and competitive approach to sustainability.

Enable Our People to Flourish

| Human rights | Developing our talent | Embracing diversity | Employee engagement |

Make Our Value Chains More Sustainable

| Human rights | Responsible procurement | Waste management |

Become Climate-neutral by 2030
(Scope 1+2)

| Climate-neutral operations | Solar panels | Emission transparency |

Make a Positive Local Impact

Local community and CSR strategy

Advancing Our Sustainability Agenda

Alongside the revision of our Sustainability Framework, we also adapted our sustainability targets in 2022. We shall continuously report on our progress towards achieving these targets.

Enable Our People to Flourish

Human Rights

Expand human rights guidelines and frameworks

On track
In 2022, we completed the human rights risk assessment in Malaysia, including a definition of action items which will be implemented in 2023.

Strengthen health and safety approach to achieve zero high-consequence injuries (HCI)[2]

Target achieved
Number of high-consequence injuries (HCI)

1	0	0
2020	2021	**2022**

Developing Our Talent

Expand training reach and events with a focus on blended learning

On track
Number of online learning and training sessions completed

82,828	127,974	387,638
2020	2021	**2022**
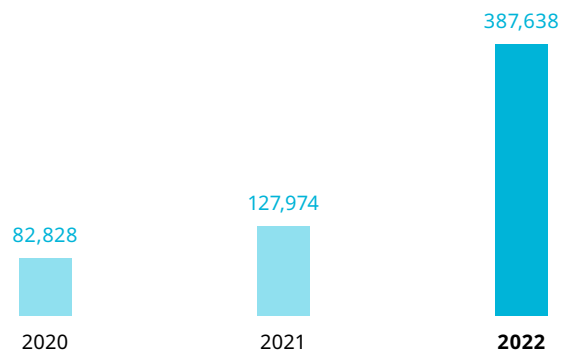
Increase managerial bench strength

On track
Percentage of employees in the category "Jump"[3]

18 %	18 %	35 %
2020	2021	**2022**
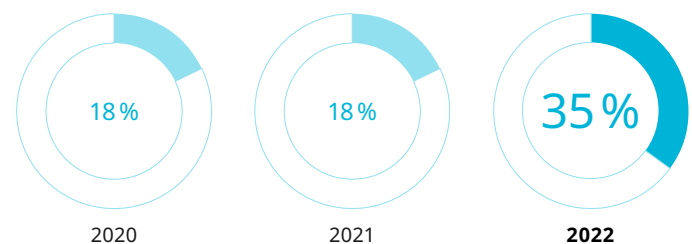
2 Injury that results in a fatality or an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.
3 The category "Jump" includes employees identified in the readiness evaluation to meet all requirements to advance to the next career level involving a critical role with significant complexity.

Embracing Diversity

Increase the representation of females in senior leadership

On track
Percentage of females in senior leadership

27 % 2020

29 % 2021

31 % **2022**
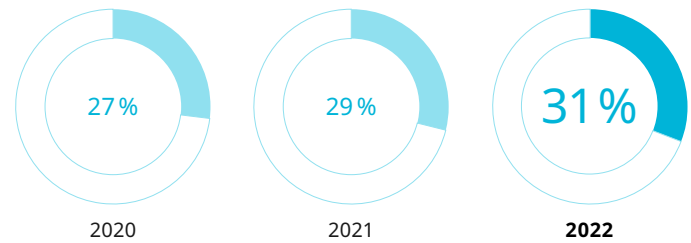
Train at least 90 % of managers on diversity awareness

On track
In 2022, we implemented a group-wide Belonging Policy, covering diversity, equity, and inclusion. In the first year of implementation, 74 % of our managers completed the comprehensive Belonging e-learning program.

Employee Engagement

Reduce voluntary attrition rate

For further context and details please refer to the chapter Employee Attraction, Satisfaction, and Retention.

Setback recorded
Voluntary attrition rate

15 % 2020

17 % 2021

22 % **2022**
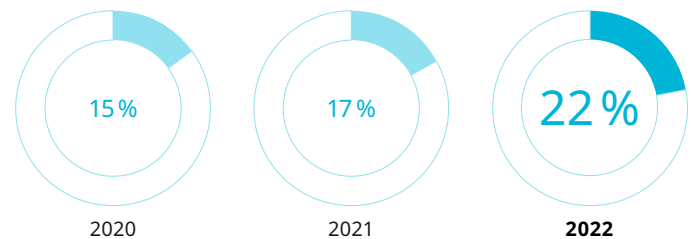
Continually improve employee engagement

On track
Engagement score[4]

74/ 100 2021

75/ 100 **2022**
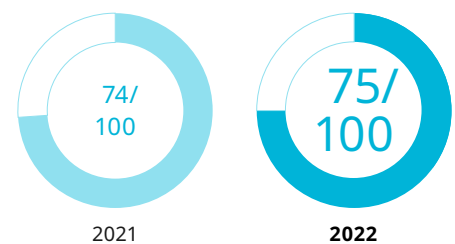
4 The engagement score is calculated by aggregating the average score of the two questions "How happy are you working for DKSH" and "I would recommend DKSH as a great place to work" from the YourVoice@DKSH engagement survey.

Make Our Value Chains More Sustainable

Responsible Procurement

Launch a responsible procurement policy	**On track** The Responsible Procurement Policy was adopted in 2022, with the implementation of the policy to be continued in 2023.

Human Rights

Establish a roadmap to assess suppliers	**Target achieved** The roadmap to assess suppliers has been established under the framework of the Responsible Procurement Policy.

Waste Management

Create transparency on waste	**On track** In 2022, waste data was for the first time reported by all distribution centers in relevant facilities.
Expand eco-friendly packaging	**On track** We are continually exploring the potential of eco-friendly packaging materials.

Become Climate-neutral by 2030 (Scope 1+2)

Climate-neutral Operations

Achieve a 65 % reduction of Scope 1 and Scope 2 emissions[5] from 2020 levels by 2025

On track

Greenhouse gas emissions, split according to scope (market-based accounting), in metric tons CO_2 equivalent

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

2020: 4,015 / 79,899 / 52,906 / 4,970
2021: 3,119 / 64,180 / 29,792 / 5,046
2022: 12,351 / 64,262 / 27,877 / 5,742
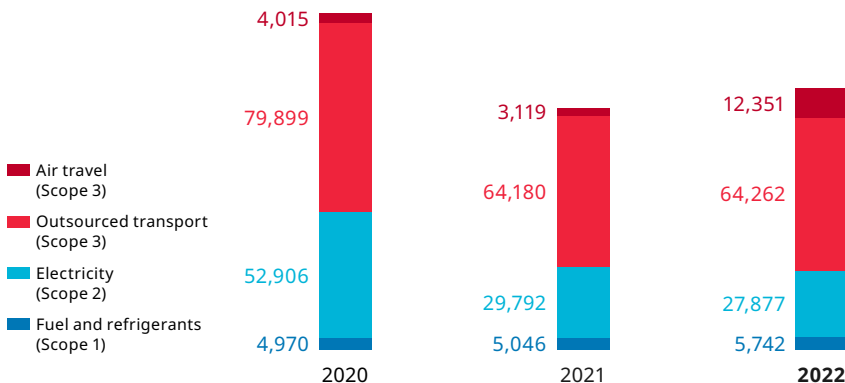
Greenhouse gas emissions Scope 1+2 (market-based accounting), in metric tons CO_2 equivalent

2020: 57,876
2021: 34,838 — Reduction of Scope 1 and 2 emissions by 39.9 % against 2020 base year.
2022: 33,619 — Reduction of Scope 1 and 2 emissions by 42.0 % against 2020 base year.
2025: Target: Reduction of Scope 1 and 2 emissions by 65.0 % against 2020 base year.
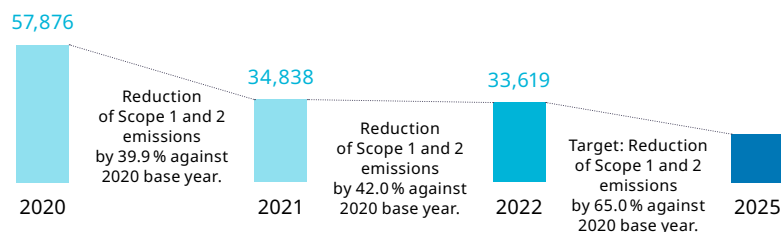
5 Before 2021, market-based = location-based. With the purchasing of Renewable Energy Certificates (I-RECs) starting in 2021, we began to apply market-based methodology to Scope 2.

Make a Positive Local Impact

Local Community and Corporate Social Responsibility (CSR) Strategy

Increase representation of locals[6] in market leadership teams[7]

On track
Percentage of locals in market leadership teams

2020	2021	2022
73 %	79 %	78 %
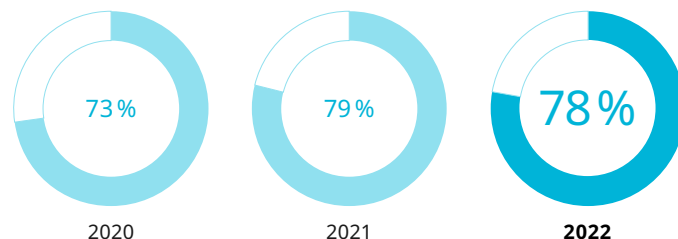
Increase percentage of significant operations[8] engaging in local community activities to more than 90 %

Target achieved
Percentage of significant operations engaged in local community activities

2020	2021	2022
80 %	90 %	100 %

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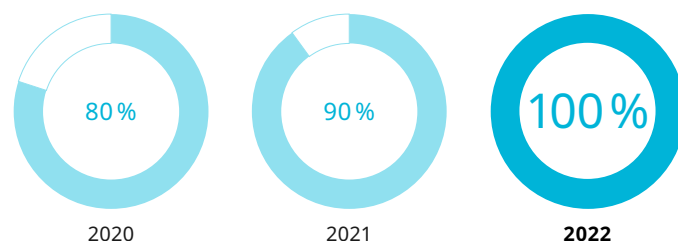
6 Local refers to employees either born or who have the legal right to reside indefinitely (such as naturalized citizens or permanent visa holders) in the same geographical market as the operation.
7 Market leadership teams refers to heads of each Business Unit and Function within a market.
8 DKSH defines significant operations as all markets with more than 500 employees. This includes the 11 markets of Australia, Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, Thailand, and Vietnam.

Sustainability Governance and Risk Management

At our company, the Board of Directors of DKSH governs sustainability by charting the strategic direction for the Group and overseeing strategy execution. In doing so, it is guided by the Group's values, as well as by our Sustainability Strategy including the Sustainability Framework. In 2021, the Chairman of the Board appointed a Member of the Board to have the oversight role for sustainability matters. This role includes overseeing DKSH's processes to manage risks and our impacts on the economy, environment, and people by reviewing plans, including climate change action. The appointed Board Member also keeps the entire Board appraised of sustainability and climate-related issues.

The Executive Committee is tasked with implementing the Sustainability Strategy together with the Sustainability Committee, chaired by Group Sustainability and made up of representatives from the Business Units and Functions. The Sustainability Committee plans, coordinates, monitors, and reports on sustainability initiatives and actions. To create an incentive for members of the Executive Committee to achieve our sustainability targets, DKSH's climate, environmental, social, and governance performance is one component of their annual variable pay.

The Group Sustainability team facilitates, coordinates, and drives sustainability-related planning, actions, and initiatives. It is the nucleus of the Group's sustainability reporting activities. The team prepares for and conducts the annual schedule of quarterly dedicated meetings with Executive Committee members and the Sustainability Committee and two meetings with the aforementioned Board Member, with the Chief Executive Officer (CEO) in attendance.

These scheduled meetings ensure that the Board is always up to date on sustainability-related matters and, in turn, can provide guidance. Key highlights in 2022 were the Board's endorsement of the results of the refreshed materiality assessment and the corresponding impacts on the economy, environment, and people. The Board further approved the revision of our Sustainability Framework as well as our new Sustainability Strategy.
▶ **GRI 2-14**

To further enshrine sustainability at the highest level of our company, we engage in regular communication with stakeholders such as analysts and investors and consider the recommendations of proxy advisors as well as external sustainability ratings when it comes to Board remuneration. In addition, we use external benchmarking services to determine the remuneration of the Executive Committee and management. The results of votes by shareholders on remuneration policies and proposals can be found in the minutes of the Annual General Meeting on the DKSH website.
▶ **GRI 2-19, GRI 2-20**

As in previous years, in 2022 the quarterly Sustainability Committee meetings provided an opportunity for updates and discussions and for reaching alignment on regulatory developments, objectives, key initiatives, projects, and actions. We monitor progress and share knowledge and success stories at these meetings. After each Committee meeting, the Committee Chair and Group Sustainability team meet with the CEO and other members of the Executive Committee to report on the Committee's work and obtain guidance.

Sustainability Committee members, working on behalf of their organizational unit, take responsibility for achieving their sustainability-related targets and managing their impacts on the economy, environment, and people. For example, the Chief Human Resources Officer oversees meeting sustainability targets related to our employees.

Several Business Units and Functions have also begun to formalize sustainability management at their respective levels, including the appointment of dedicated resources to create transparency, drive actions and initiatives, and facilitate reporting. Sustainability managers and Sustainability Champions support the implementation of sustainability measures at the local level and provide meaningful feedback to the Sustainability Committee via their Business Unit or Function representative.

Board of Directors

Oversight role for sustainability matters

Executive Committee

Sustainability Committee

Chair: Group Sustainability

| Human Resources | Supply Chain Management | Governance, Risk and Compliance | Investor & Media Relations |
| Business Unit Healthcare | Business Unit Consumer Goods | Business Unit Performance Materials | Business Unit Technology |

Sustainability organization of Business Units and Functions

Implementation

Reporting

For more information on DKSH's governance structures, please see the Corporate Governance chapter in the Annual Report 2022 (p. 10ff.).

▶ **GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-16**

Risk Management

Risk management is an integral part of our management process. Risks are identified, assessed, and mitigated at various levels in the organization by the respective risk owners, in alignment with the Group's policy on Risk Management. Sustainability-related risks and impacts are identified through a materiality assessment process and by prioritizing relevant topics for management and reporting, pursuant to the Global Reporting Initiative (GRI) Standards 2021. This Sustainability Report sets out the results of the materiality assessment and provides transparency on the way we manage the related risks. The three different sections – Our People, Our Business, and Our Outcome – provide more details about our approach. Our reporting also includes disclosures on climate change-related risks in compliance with recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD), meeting requirements even before new Swiss legislation takes effect.

Championing Sustainability in Business Unit Performance Materials

In 2022, Business Unit Performance Materials started to design its own sustainability organization. The Business Unit nominated Sustainability Champions and agreed on a sustainability roadmap including local initiatives driven by the Sustainability Champions and in line with DKSH's group-wide sustainability objectives. The initiatives span areas such as sustainable portfolio, digitalization, and responsible suppliers. In addition, the Business Unit held two management workshops, including discussions on environmental sustainability and issues touching on diversity, equity, and inclusion. In October 2022, Business Unit Performance Materials signed an agreement for EcoVadis to assess suppliers in terms of their sustainable procurement practices.

"At Performance Materials, we have established a collaborative network of 25 local Sustainability Champions. I was amazed by the speed with which we were able to set up this initiative and the passion demonstrated by all of those involved. While they are all implementing significant measures to reduce energy consumption and contribute to DKSH's group-wide goals, many are also driving additional inspiring practices. For example, DKSH Italy has also created a group called Next Generation, giving a voice to younger team members in local management decisions. I'm so proud of our team and the progress we've made in such a short time."
Irene Dávalos,
Director, Digital & Sustainability,
Business Unit Performance Materials

Membership of Associations

DKSH companies are members of several associations in the markets in which we operate. Some examples include the Pharmaceutical Association of Malaysia and the Malaysian Animal Health and Nutrition Industries in Malaysia; the Federation of the Swiss Watch Industry FH, the Association Patronale de l'Horlogerie et de Microtechnique and the Association of Pharmaceutical Companies in Switzerland; the Taipei Machinery Traders' Association in Taiwan; the Australian Food & Grocery Council in Australia; the French Cosmetics Association for SMEs in France; the Chemical Business Association in the UK; and the Food and Grocery Council in New Zealand.

Membership is generally considered from a strategic perspective, and in some instances, DKSH managers hold positions in governance bodies, participating in projects or committees. In Australia, DKSH is a member of the Australian Sales & Marketing Companies Association, of which a member of our senior management is a Board member. In Singapore, DKSH has Board representation in the Singapore Association of Pharmaceutical Industries and the Machine Tool Club. In Thailand, DKSH has committee representation in the Pharmaceutical Research & Manufacturers Association as well as the Thai Medical Device Technology Industry Association.

DKSH companies also hold memberships in chambers of commerce in many markets, which include Cambodia, Hong Kong, Indonesia, Japan, Korea, Laos, Malaysia, Singapore, Taiwan, and Vietnam.

As guided by our Code of Conduct, DKSH does not engage in political processes and 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).

▶ **GRI 2-28**

Our People

At DKSH, our employees are the heart of our business. Their health, safety, and well-being are essential to our success. Along with offering our people a safe, fair, and inclusive place to work, we want to help them reach their full potential by providing training and growth opportunities.

Health, Safety, and Well-being

Our Impacts

As a company whose operations have impacts on employees and workers throughout the value chain, occupational health, safety, and well-being are top priorities for DKSH. Our positive impacts include the provision of healthcare services and regular training for all employees. However, our business also has potential negative impacts and risks, because working at DKSH sometimes requires staff to store and handle dangerous goods and hazardous chemicals and operate machinery. We take these potential negative impacts seriously. To minimize related risks wherever possible, DKSH has put in place the management systems described below.

Managing and Monitoring Health and Safety

Our corporate Health, Safety & Environment (HSE) policy sets out how we manage health and safety risks. Its scope includes all DKSH operations worldwide and all activities and facilities. Local market management is responsible for operating an HSE management system (HSE-MS) that ensures compliance with applicable regulations and gives due consideration to the nature and risk profile of local operations. Qualified local HSE Managers support managers tasked with implementing and monitoring the HSE-MS.

In 2021, we launched an enhanced corporate HSE-MS, which references the current leading standards ISO 45001, OHSAS 18001, and ISO 14001. Local HSE Managers are tasked with ensuring that local HSE-MS are aligned with the corporate HSE-MS.

Most distribution centers now have HSE committees with representatives from various Functions and work areas. These committees convene on a quarterly to monthly basis in our mature markets and at least annually in most other markets. HSE committees are responsible for reviewing health and safety procedures, investigating incidents, and examining new technologies and changes in personal protective equipment.

The HSE committees also perform regular safety walks to inspect the premises and spot any hygiene and safety issues. On these and other occasions, we encourage our employees to take part and speak up if they notice unsafe conduct or conditions. Involving non-management in this process helps us reduce managerial hierarchies.

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 Contractor Safety Management guideline in 2021. 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 at our sites include Working Instructions on Visitor Safety, Contractor Safety and Permit to Work (which also covers safe driving), and Contractor Guidelines.

Internal and external parties, including our key clients, regularly audit our HSE-MS' performance. Market-level internal self-assessments, audits and reviews are also conducted by the local HSE Manager to support continuous improvement. Our Business Unit Technology joined the Highwire platform in 2022. This platform allows us to flag the most critical and relevant risks to occupational health and safety at our contractors early on. We can help them develop and implement risk mitigation plans by taking prompt action.

▶ **GRI 403-1, GRI 403-7, GRI 403-8**

Hazard Management

Timely and proper hazard identification and proactive management of health and safety risks are 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. This process is overseen by appropriately qualified market HSE personnel in close collaboration with risk owners and cross-functional stakeholders.

The overall objective is to ensure that hazards and risks are implemented in a timely manner and that control and recovery measures are implemented to minimize health and safety risks to levels that are as low as reasonably practicable (ALARP). Governed by our policy and HSE-MS, all employees and workers must 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 managers 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 hazards, substituting hazardous with less hazardous, engineering controls, administrative controls and personal protective equipment). 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 continuously improve 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. A root-cause analysis is performed for injuries, significant process safety events, and incidents with high potential impact. Lessons learned are communicated across the relevant parts of the organization. To support effective enquiry, DKSH encourages open communication between employees, workers, and line management.

Our policy and HSE-MS require that findings are documented and used to develop health and safety targets, plans, and appropriate risk control measures. HSE Managers in each market are accountable for developing and documenting health and safety targets before seeking review and approval from national HSE Steering Committees. We periodically review targets based on hazard identification and risk assessments and communicate the outcomes to employees, workers, and/or other stakeholders as applicable.

▶ **GRI 403-2, GRI 403-3**

Employee Engagement and Training

We hold local workshops and engagement sessions on occupational health and safety to ensure employee and worker participation, consultation, and communication activities. Employees and workers are encouraged to provide input and feedback on constructive improvements to support 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 teams at any time to report dangers and risks.

DKSH is committed to providing the necessary health and safety information, instructions, and training to everyone working in our operations. Local HSE Managers are responsible for identifying occupational health and safety (OHS) training needs and implementing the company-wide OHS training program, supplemented by regulatory content for the respective market. The local HSE team can also develop its own customized training materials in specific cases, such as following an incident or when a new piece of equipment is introduced.

Building on the DKSH Learning Management System (LMS), health and safety training includes traditional face-to-face classes and online courses and materials. New employees receive comprehensive health and safety induction training on top of any job-specific training. All new recruits must complete induction training (with signed attendance records) before commencing duties. To recognize and encourage safe working practices and behavior by our employees, we use safety promotion awards in some markets.

▶ **GRI 403-4, GRI 403-5**

Addressing Impacts in the Supply Chain

We are committed not only 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 standards and systems needed to qualify for outsourcing. This equally applies to original equipment manufacturers (OEM). We expect all our service providers to make clear commitments to proper business conduct, including health and safety for their workers, as embodied in our Supplier Business Conduct Policy.

▶ **GRI 403-7**

2022 Performance

In 2022, key clients, customers, standards boards, and regulatory bodies, plus our internal Supply Chain Management and HSE teams audited workplace safety in all distribution centers. Key hazards mainly consisted of improper behavior at operational level relating to operating forklifts and powered equipment, stacking loads and material storage, 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 con-

tinue to include engineering and administrative controls, additional training, and the provision of personal protective equipment.

In 2022, we furthered our efforts to promote road safety with various campaigns across markets, such as Thailand and Malaysia, and offered defensive driving training for employees and contractors alike.

Since the field marketing services in Australia were acquired in 2020, more trainings have been introduced to equip work-

ers with knowledge of safe working practices in areas such as manual handling, working with ladders and slip and fall hazards as well as greater awareness of safe working through use of infographics. These trainings have seen a significant reduction in incidents. We are pleased to report zero work-related fatalities and zero incidents of high-consequence work-related injuries in 2022. 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	Number		Rate[9]	
DKSH employees[10]	**2021**	**2022**	**2021**	**2022**
Fatalities from work-related injuries	0	0	0	0
High-consequence work-related injuries[11]	0	0	0	0
Recordable work-related injuries	70	49	1.04	0.74
Number of hours worked (in million)	67.3	66.2	–	–
Workers[12]	**2021**	**2022**	**2021**	**2022**
Fatalities from work-related injuries	0	0	0	0
High-consequence work-related injuries	0	0	0	0
Recordable work-related injuries	14	9	1.04	0.73
Number of hours worked (in million)	13.4	12.3	–	–

Main types of work-related injuries	DKSH employees		Workers	
Types of injuries	**2021**	**2022**	**2021**	**2022**
No. of first aid injuries	69	24	3	40
No. of medical treatment beyond first aid	8	5	1	1
No. of job restrictions or transfers	0	4	0	0
No. of lost time injuries	62	40	13	8
No. of fatalities	0	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 re-

sponsible for recording incidents into incident registers and reporting these for consolidation at Group level.

▶ **GRI 403-9**

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9 Per 1,000,000 hours worked.
10 All individuals in an employment relationship with DKSH according to national law or its application.
11 Injury that results in a fatality or an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.
12 All individuals performing work for DKSH, such as DKSH employees, agency workers, contractors, self-employed persons, sub-contractors, and volunteers.

Employee Attraction, Satisfaction, and Retention

Our Impacts

Our people make the difference in our service-based business model. Training and developing our employees help us deliver outstanding performance and stay abreast of market developments. They also create opportunities for personal and professional advancement, which positively impact our employees' careers. As a company working in a diverse and international environment, we promote diversity, equity, and inclusion and offer a workplace where everyone can learn and grow. Our Code of Conduct – which sets out how we respect human rights, provide equal opportunities, and support our people in their growth – further reinforces our positive impact on people and society.

Belonging@DKSH

DKSH emphasizes the importance of diversity and inclusion in its workforce to ensure a well-rounded workplace with a 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 can 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.

Key Initiatives for Belonging@DKSH

▶ Continue conducting engagement surveys and follow-up activities to support a sense of belonging
▶ Adopt recruitment and talent development practices that help increase gender representation in management
▶ Continue offering e-learning events and workshops to increase awareness with regard to diversity, equity, and inclusion habits and behavior

In 2022, DKSH continued to win accolades in various markets, including the exclusive Great Place to Work certification in China, India, Indonesia, Laos, and Vietnam.

Enabling Personal Growth and Recognition

To grow our business, we need to create the right conditions for our people to thrive. Our business and the industries we serve are diverse, offering significant opportunities for our employees to learn and grow. We provide hands-on experience, empowerment, and stretch assignments to develop employees. These opportunities, combined with feedback and learning from others and formal training from our Fantree Academy, provide a balanced approach. In this 70-20-10 model, 70% is on-the-job learning, 20% learning through others and continuous feedback, and 10% learning in formal courses.

At DKSH, we encourage our people to own their professional development. We promote internal talents, whenever possible, instead of hiring externally. Open positions are advertised in an internal job market, and we foster internal mobility including international assignments. In 2022, about 21% of management-level employees were promoted or rotated into new assignments, and 54% of our management vacancies were filled internally. Both figures exceed our internal targets.

DKSH uses a Human Resources (HR) scorecard to enable team leaders to better monitor and manage relevant KPIs such as attrition, diversity, internal fill, and managerial bench strength. This allows us to make data-informed people decisions.

**Fantree Academy: Staying Relevant
to Meet Future Needs**

The Fantree Academy, our in-house learning and development center, supports employee growth with more than 1,800 learning and development programs offered in every market. The Academy's curriculum is based on three pillars: Leadership, Functional Skills, and Essential Skills. Its courses also cover ethics and compliance, employee onboarding, and health and safety.

Employees can access suitable learning sessions for themselves in terms of their roles, responsibilities, interests, and career ambitions. In 2022, over 97 % of employees received training, up from 78 % the year before. They completed 387,638 learning events, resulting in 13.76 hours of learning per employee, up from 5.30 hours in 2021. We are especially proud that our staff employees received an average of more than 12 hours of learning per person. In 2022, we successfully increased the number of completed learning events by putting an increased focus on employee development. In the reporting period, more Business Units and markets made use of learning technologies, especially e-learning, to allow employees on-demand learning. At the same time, Business Units invested in dedicated learning and development professionals. In addition, with COVID-19 restrictions easing in many markets, in-person instruction returned in 2022. While 90 % of training was conducted online in 2021, this number slipped below 65 % in some months of 2022.

Training hours (online and in-classroom-trainings)	% receiving training	Average training hours
DKSH employees[13]	97.3 %	13.76
Managers[14]	98.5 %	23.20
Staff[15]	97.0 %	12.08

In addition to the online and in-classroom-trainings covered by these figures, our employees receive on-the-job and external training, depending on their responsibilities. This can include education for our employees done by our clients, e.g. on the operation and repair of machinery or the properties of various specialty chemicals.

▶ **GRI 404-1, GRI 404-2**

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 company purpose, values, and People DNA through the DKSH Fantree Awards. Individual employees or teams are encouraged to nominate colleagues at the market level. At town hall meetings, we recognize and celebrate awards, which are handed over by members of senior management.

In addition to local awards, six corporate-level awards acknowledge extraordinary contributions. The winners present their success stories during a ceremony at a Board of Directors meeting. In 2022, we were able to honor the Global Fantree Award winners in person again at our September Board of Directors meeting in Bangkok, Thailand.

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.

In 2022, our comprehensive performance review process was moved to SAP SuccessFactors. This platform makes planning and discussions even easier. All DKSH employees now use the same objective-setting platform, which also reflects our values, individual targets, and development plans. Regular conversations between managers and employees on development objectives, including constructive feedback, are also a part of their development journey at DKSH. We emphasize the importance of creating and following up on meaningful personal development plans, especially for managerial employees. In 2022, over 68 % of managers created a development plan. The numbers were 69 % for female managers and 67 % for males.

In addition, we assess our managerial bench strength. We hold regular talent panel discussions to evaluate which of our employees meet the requirements to advance to the next level of their managerial career and want to make a move. In 2022, the percentage of employees falling into this category jumped to 35 % (up from 18 % in 2021). This jump is a result of our increased efforts in 2022 in talent promotion and identification. All decision-making with respect to appraisals, development opportunities, and promotions uphold our commitment to equal opportunities.

▶ **GRI 404-3**

13 All individuals in an employment relationship with DKSH according to national law or its application.
14 Members of the Executive Committee, corporate or local heads of Business Units or key Functions, and DKSH employees with P&L and/or budget responsibility, direct reports, and function specialists/heads/managers.
15 All DKSH employees who are not managers.

We are both developing our in-house talent and bringing in new talent. This combination means that our HR employees can now better support our business leaders in building high-performing teams and setting meaningful performance objectives.

In 2022, DKSH continued conducting surveys to gather employee feedback on engagement, onboarding, and exit experience. This survey provides valuable insights to measure our progress in building a high engagement and performance culture. In 2022, we expanded the audience of our YourVoice@DKSH engagement survey, reaching all employees with company email addresses – more than 22,000 people or about two-thirds of DKSH's total headcount.

Our engagement score[16] has continued to increase since we started the survey in 2021, reaching our benchmark engagement score of 75 out of 100. More importantly, our managers work with their teams to understand the results and prioritize and implement activities that will address any gaps in engagement. Our top organizational strengths are learning from our mistakes, accountability, and a sense of purpose.
▶ **GRI 2-26**

Creating a Supportive Work Environment

Providing a work environment that is conducive to people performing at their best includes offering benefits to the workforce. DKSH provides a variety of benefits to its employees based on applicable policies in the markets of operation. Standard benefits, with some variation by market, include life insurance, healthcare, disability and invalidity coverage, statutory retirement provision, and leave entitlement. In four out of 11 significant locations[17], the benefits provided to part-time and temporary employees are identical to those of permanent full-time employees, and in six 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. Benefits related to stock ownership are limited to eligible key managers of the company. Our benefit practices are continually reviewed and enhanced.
▶ **GRI 401-2**

In this fast-changing world, technology allows us to work differently and efficiently in a non-traditional work setting. DKSH implemented a global Flexible Work Arrangement policy at the start of 2021, giving employees more ownership of how and from where they work. As an employer, DKSH empowers its employees by facilitating a flexible working environment, wherever 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 – such as working from home or remotely – can offer viable solutions in achieving work/life balance for employees.

Sharing a Moment in Life

We seek to offer an attractive work environment to make staying with our company an attractive prospect, but we understand that some employees may seek new opportunities outside of DKSH.

In 2022, the overall attrition rate for the Group was 29%; voluntary attrition stood at about 22%. This is an increase compared with 2021, when the rates were 25% and 17% respectively. At management levels, the total attrition rate was just below 21%, with voluntary attrition at about 15%. Although our attrition rate may seem high, there are three factors to consider.

First, Southeast Asia is an economic region experiencing fast-paced change with generally higher attrition rates than, for example, European markets.

Second, 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.

Third, the increase in attrition rates from 2021 are consistent with larger global trends seen as the COVID-19 pandemic has subsided.
▶ **GRI 401-1**

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16 The engagement score is calculated by aggregating the average score of the two questions "How happy are you working for DKSH" and "I would recommend DKSH as a great place to work" from the YourVoice@DKSH engagement survey.
17 DKSH defines significant operations as all markets with more than 500 employees. This includes the 11 markets of Australia, Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, Thailand, and Vietnam.

Further Details about Our Employees[18]:

Total number of employees by employment contract (permanent and temporary), by gender

Gender	Permanent	% of total	Temporary	% of total	Total
Female	15,905	48.79 %	2,210	6.78 %	18,115
Male	13,887	42.60 %	490	1.50 %	14,377
Other	105	0.32 %	4	0.01 %	109
Total	**29,897**	**91.71 %**	**2,704**	**8.29 %**	**32,601**

Total number of employees by employment contract (permanent and temporary), by region

Region	Permanent	% of total	Temporary	% of total	Total
Thailand	9,905	30.38 %	108	0.33 %	10,013
Greater China[19]	2,671	8.19 %	79	0.24 %	2,750
Malaysia and Singapore	5,546	17.01 %	4	0.01 %	5,550
Rest of Asia Pacific	11,107	34.07 %	2,510	7.70 %	13,617
Rest of the world	668	2.05 %	3	0.01 %	671
Total	**29,897**	**91.71 %**	**2,704**	**8.29 %**	**32,601**

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	16,328	50.08 %	1,787	5.48 %	18,115
Male	13,707	42.04 %	670	2.06 %	14,377
Other	107	0.33 %	2	0.01 %	109
Total	**30,142**	**92.46 %**	**2,459**	**7.54 %**	**32,601**

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 Human Resources Information System (HRIS) system.
▶ **GRI 2-7, GRI 405-1**

18 All individuals in an employment relationship with DKSH according to national law or its application.
19 Includes mainland China, Hong Kong, Macau, and Taiwan.

Labor Practices and Human Rights

Our Impacts

With more than 32,600 employees and a very diverse workforce, DKSH is making continuous progress towards greater equity and inclusion. We strive to create a supportive working environment and a diverse workplace, knowing that decent working conditions are essential at all facilities and in the field.
At DKSH, we are aware that we may have a potential negative impact on local people and their rights by operating in markets with enhanced risk of human rights violations. We also understand that fair, safe, and decent work is a key element of responsible business practices and of the human rights principles set out by the United Nations and the International Labour Organization.

Fostering a Culture of Respect

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 work together in a positive manner. We believe that this kind of culture is vital to helping people thrive and reach their full potential. Upholding 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 relevant category. We respect our workers' rights to freedom of association and collective bargaining. Moreover, we do not penalize anyone who engages in good faith in workers' groups. At the end of 2022, 18 % of DKSH's employees were covered by collective bargaining agreements (2021: 18 %).
▶ **GRI 2-30**

Our management approach to non-discrimination and human rights practices has focused thus far on legal compliance and governance processes. We have mainly evaluated their effectiveness at the local level. Our intention is to standardize our compliance-led approach to ensure consistent operating standards in all markets where DKSH operates. We are working towards centralized oversight on this issue, with clear reporting to Group management.
As part of this, we conducted a human rights impact assessment in Malaysia in 2021. In 2022, we came up with a list of action items to be completed by the end of 2023 based on this assessment. These action items reflect areas of improvement with regard to human rights risks for our foreign workers. They include measures to ensure better-regulated working conditions, such as establishing a grievance channel, conducting regular audits and due diligence, and administrative measures for the management of foreign workers' employment contracts. A cross-functional team will also be assembled in 2023 to define a centralized framework for a consistent and phased global review.
Our commitment to respecting human rights and non-discrimination is made clear to employees through our Code of Conduct and related induction training that underscore the importance of treating all people with respect. The training materials specifically state that we do not tolerate any form of discrimination, harassment, or bullying. The courses also encourage people to report any cases of misconduct to the site manager or to the Human Resources (HR) team and emphasize that reports will be kept confidential. Our 2022 compliance training, which reached over 98 % of our employees, included a Code of Conduct refresher with a particular focus on human rights issues.

From an organizational standpoint, our business partnering approach allows employees to easily access support from representatives of the Human Resources team stationed within operations. The Integrity Line, the online reporting tool operated by a third party, which we introduced in late 2020, further enhances the avenues available to employees for confidential reporting of human rights or other labor condition concerns.

In 2022, we recorded 131 incidents reported via the Integrity Line, one of which related to discrimination. However, the allegations could not be substantiated and the case was closed without further action.

▶ **GRI 406-1**

As another means of ensuring that labor rights are fully upheld, the HR and Supply Chain Management teams in each of our key operating markets have responsibility for all hiring. Moreover, they must ensure 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 and illegal work, and to ensure decent and safe workplaces, fair and timely pay, and adequate rest periods.
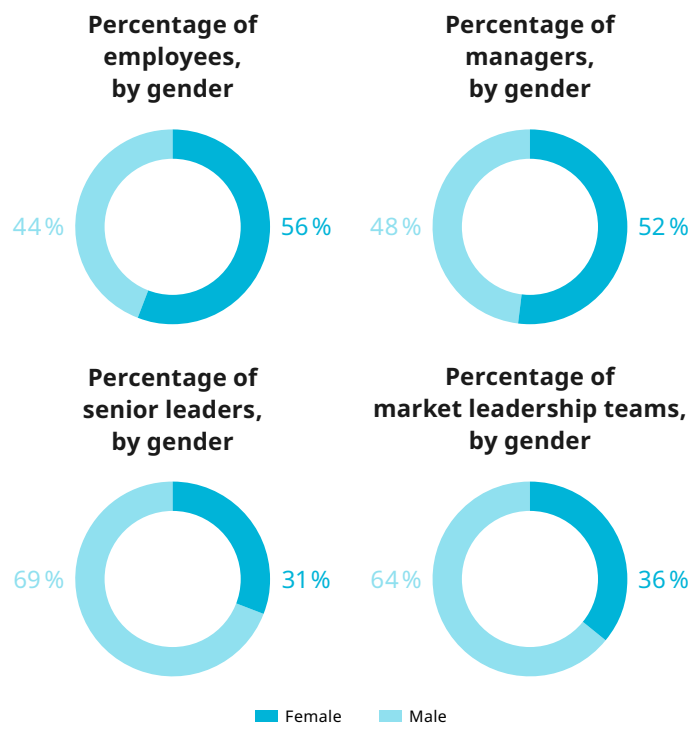
▶ **GRI 2-23, GRI 407-1, GRI 408-1, GRI 409-1**

Supporting Diversity in the Workplace

As a services company, our employees bring our values to life. Their talent, commitment to our customers, and pride in DKSH are key to our business success. We strengthened our approach to promoting diversity in our workforce by implementing a group-wide Belonging Policy in 2022, covering diversity, equity, and inclusion.

Additionally, 75 % of our managers completed a comprehensive Belonging e-learning program, and our Performance Materials Business Unit conducted "Sustainability x Belonging" workshops to increase awareness of the importance of diversity within the context of sustainability.

In 2022, 56 % of our employees and 52 % of our managers[20] were female. Our senior[21] leadership increased to 31 % women, up from 29 % in 2021. The representation of females in our market leadership team[22] remains unchanged as per last year's percentage at 36 %. There are currently no women on the Executive Committee, although women held 25 % of the positions on the Board of Directors, DKSH's highest governance body, in 2022. 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 of the organization, including increasing the representation of women in our senior leadership. These efforts will help us improve in all three priority areas.

Percentage of employees, by gender — 44 % / 56 %

Percentage of managers, by gender — 48 % / 52 %

Percentage of senior leaders, by gender — 69 % / 31 %

Percentage of market leadership teams, by gender — 64 % / 36 %

■ Female ■ Male

▶ **GRI 405-1**

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20 Members of the Executive Committee, corporate or local heads of Business Units or key Functions, and DKSH employees as well as client staff with P&L and/or budget responsibility, direct reports, and function specialists/heads/managers.
21 Senior refers to managers in corporate, regional, or local management roles.
22 Market leadership teams refers to heads of each Business Unit and Function within a market.

Our Business

Our operations create value for communities all over the globe. As a responsible company, we are working to reduce our environmental footprint by mitigating climate change, preventing pollution, and using resources more efficiently. We are also constantly taking steps to make our supply chain more sustainable.

Environmental Responsibility

Our Impacts

▶ **Climate change mitigation**
We know that our business activities have an impact on the climate. Most of our greenhouse gas emissions result from logistics (warehousing and transport) and business travel. As a multinational company, we want to reduce or eliminate emissions at the source.

▶ **Pollution prevention**
We have potential impacts on the environment, people, and their human rights, e.g. by consuming water and disposing of effluents at our manufacturing operations. As a responsible business, we have implemented comprehensive measures to address these impacts.

▶ **Resource efficiency**
The importance of conserving natural resources makes waste management and prevention efforts a top priority for DKSH. We are making great efforts to reduce our impact on natural resources, for instance, when it comes to damaged products and packaging waste.

Climate Change Mitigation

Climate change affects us all. Scientific evidence suggests that concerted efforts are required to lower emissions and help fight human-induced adverse climate change. At DKSH, we are aware that emissions from our operations may have an adverse effect on the climate. Most of our greenhouse gas emissions are generated at our significant locations in Southeast Asia and Greater China, primarily from warehousing, transport, and business travel activities. We are committed to playing our part in averting global warming by decreasing or eliminating carbon emissions at their source.

Management Approach

Our Health, Safety and Environment (HSE) policy defines our approach to climate change mitigation. The policy underlines DKSH's commitment to conducting business in an environmentally responsible manner. Local HSE Managers are tasked with maintaining a register of applicable national environmental laws and regulations and ensuring compliance across all our operations. At the same time, we are taking a proactive approach to environmental responsibility by significantly reducing our reliance on fossil fuels and investing in renewable electricity and green buildings.
Our enhanced HSE Management System references ISO 14001. The local country HSE Steering Committees are responsible for ensuring its effective deployment across all markets. In turn, local HSE Managers support the practical implementation of management systems and processes.

Targets and Progress

We have been reporting greenhouse gas emissions related to our operations since 2018 and have launched several initiatives to reduce our carbon footprint. In addition to cutting fuel consumption, DKSH launched a program in 2019 to use more energy from renewable sources. Our goal: to become climate-neutral in our own operations by 2030.
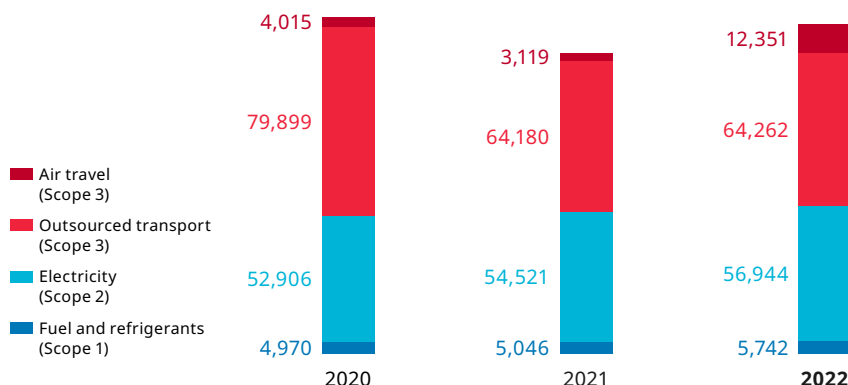We achieved our greenhouse gas emissions target – to reduce greenhouse gas emissions from our own operations by 35% by 2025 compared with a 2020 baseline – four years early. Therefore, in 2021 we updated our greenhouse gas emissions target. The new target for 2025 is a 65% reduction against our 2020 baseline.

We calculated our decrease in greenhouse gas emissions by comparing 2020, 2021 and 2022 data using the market-based approach for Scope 2. In 2022, we reduced our greenhouse gas emissions (Scope 1 + 2) in our own operations by 42.0 % compared with our base year 2020 and by 3.5 % compared with 2021 through various initiatives:

▶ Purchasing International Renewable Energy Certificates (I-RECs) as a credible claim for renewable energy use, in compliance with the GHG Protocol's Scope 2 Guidance
▶ Purchasing renewable electricity directly from energy providers
▶ Reducing emissions at the source by optimizing transport routes and ensuring more efficient use of electricity at our sites
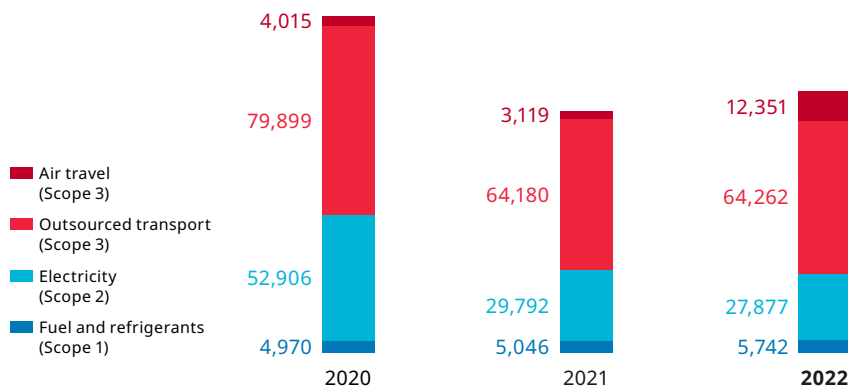
Greenhouse gas emissions (location-based accounting) in metric tons CO_2 equivalent

The 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.

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

2020:
- Air travel: 4,015
- Outsourced transport: 79,899
- Electricity: 52,906
- Fuel and refrigerants: 4,970

2021:
- Air travel: 3,119
- Outsourced transport: 64,180
- Electricity: 54,521
- Fuel and refrigerants: 5,046

2022:
- Air travel: 12,351
- Outsourced transport: 64,262
- Electricity: 56,944
- Fuel and refrigerants: 5,742

Greenhouse gas emissions (market-based accounting) in metric tons CO_2 equivalent
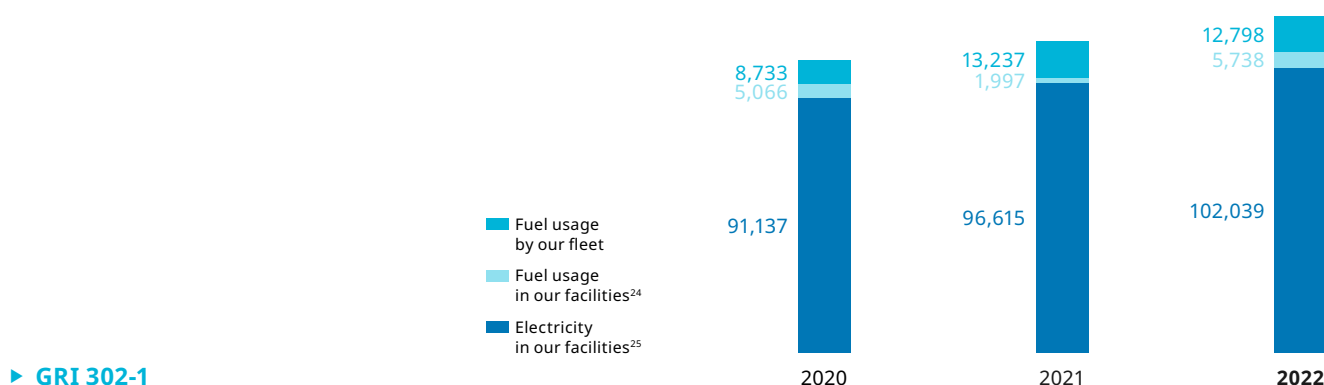
The graph shows net emissions, where Scope 2 figures[23] are calculated using market-based factors relating to the carbon intensity of the electricity we buy from our energy providers plus our additional purchases of I-RECs. For more information on I-RECs, see Reporting Approach.

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

2020:
- Air travel: 4,015
- Outsourced transport: 79,899
- Electricity: 52,906
- Fuel and refrigerants: 4,970

2021:
- Air travel: 3,119
- Outsourced transport: 64,180
- Electricity: 29,792
- Fuel and refrigerants: 5,046

2022:
- Air travel: 12,351
- Outsourced transport: 64,262
- Electricity: 27,877
- Fuel and refrigerants: 5,742

▶ **GRI 305-1, GRI 305-2, GRI 305-3**

23 Before 2021, market-based = location-based. With the purchasing of Renewable Energy Certificates (I-RECs) starting in 2021, we began to apply market-based methodology to Scope 2.

Energy usage in our operations, by activity, in MWh

Legend:
- Fuel usage by our fleet
- Fuel usage in our facilities[24]
- Electricity in our facilities[25]

2020: 8,733 / 5,066 / 91,137
2021: 13,237 / 1,997 / 96,615
2022: 12,798 / 5,738 / 102,039

▶ **GRI 302-1**

Emission intensity and energy consumption intensity

	2020	**2021**	**2022**
Scope 1+2 emission intensity (market-based) per million CHF sales	5.40	3.14	2.97
Scope 1+2 emission intensity (location-based) per million CHF sales	5.39	5.36	5.54
Energy consumption intensity per million CHF sales	9.77	10.07	10.65

- ▶ Emissions intensity (market-based): Scope 1+2 CO_2e emissions market-based in t per CHF million net sales
- ▶ Emissions intensity (location-based): Scope 1+2 CO_2e emissions location-based in t per CHF million net sales
- ▶ Energy consumption intensity: Energy consumption[26] in MWh per CHF million net sales
- ▶ **GRI 302-3, GRI 305-4**

Energy Consumption and Fossil Fuel Use in Logistics Operations

DKSH operates around 200 distribution centers (DCs) to distribute the products made by our clients and our company. 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. We consume energy for lighting, cooling, heating, and operating forklifts and other handling equipment. Most of our handling equipment is battery-powered. Temperature-sensitive products may have to be stored and transported in air-conditioned vehicles or special transportation boxes. Therefore, the use of refrigerants and the resulting fugitive emissions form part of our carbon footprint.

Our capillary distribution network serves thousands of customers daily. We have a comparatively small fleet of our own vehicles. In 2022, we ordered five electric vehicles for our own fleet to replace diesel vehicles in Thailand. Under a new policy for the Thai market, any new proposal for transportation services should include a quote for an electric vehicle alternative, where possible. In general, our goal is to replace as many diesel vehicles as possible with electric vehicles for short routes and hydrogen vehicles for longer routes.

Most of our outbound deliveries are handled by transport service providers that we select based on quality, reliability, and, increasingly, fuel efficiency criteria. 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. Here, route optimization is key to improving operating efficiency. Our outsourced fleet refers to transport services that we pay for on a per-trip/case basis, while our chartered fleet is made up of vehicles that we rent monthly. We continuously strive to optimize the mix of trucks in our fleet to improve fuel efficiency and decrease fuel consumption.

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24 Fuel used in equipment such as forklift trucks and back-up electricity generators.
25 More than 37 % 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).
26 Energy consumption for our own operations only. For energy types see bar charts "Energy usage in our operations, by activity, in MWh".

Emissions from Business Travel

Travel is a key part of our people-driven business. We have put in place internal approval systems to prevent unnecessary travel. Most journeys are made via business flights, by sales and service teams in their own cars, and public transportation.

We experienced a significant drop in business travel in 2020 and 2021 because of the COVID-19 pandemic. While deliveries of goods were able to proceed, meetings with customers were restricted and most marketing activities switched to online campaigns, new digital marketplaces, and webinars. For example, our Business Unit Performance Materials developed an innovative webinar tour on green, clean, and ethical cosmetics for our customers. In advance of the event, our lab specialists created several formulations and sent samples to customers to create a hybrid digital/physical experience.

Business travel picked up during the reporting period, against the backdrop of easing travel restrictions in most of our markets during 2022 and driven by the need to personally connect or reconnect with colleagues and business partners. As a result, emissions from business flights again increased in 2022 compared to 2021 but remained below pre-pandemic levels as we continue to benefit from the use of digital communication tools widely adopted during the pandemic. To keep our emissions as low as possible, we will continue to use online communication whenever feasible.

Renewable Energy

In 2022, we increased our renewable electricity purchases. Our food-blending plant in the Philippines switched to 100 % renewable electricity in early 2021. We also purchase renewable electricity from our energy providers for our operations in Myanmar, Laos, Italy, Germany (partially), Spain (partially), and Switzerland (partially). For other markets, we purchase International Renewable Energy Certificates (I-RECs) to reach our target of climate neutrality in our own operations by 2030.

A total of 46,882 MWh of electricity use across the following markets was backed by I-RECs in 2022 in compliance with the GHG Protocol's Scope 2 Guidelines: Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, Singapore, Thailand, and Vietnam.

In addition, we constantly explore potential ways to increase the number of solar panels on our distribution centers. For this purpose, in 2022, we conducted an analysis across all distribution centers to identify those suitable for solar panels. In 2023, we will continue our efforts by equipping further distribution centers with solar panels. In addition, the potential for solar panels now forms part of the regular evaluation process when deciding on new distribution centers.

Reporting Approach

We capture data on refrigerants, fuel, and upstream transportation for markets with the highest use of refrigerated storage and the largest distribution networks. These markets include Cambodia, Hong Kong, Malaysia, Myanmar, New Zealand, Singapore, Thailand, Taiwan, and Vietnam. Fuel usage includes compressed natural gas (CNG), liquefied petroleum gas (LPG), diesel, and gasoline for our internal fleet of delivery vehicles and backup electricity generators. When gathering information on outsourced logistics services, major suppliers specified diesel consumption data in liters from billing data. For consistency purposes, all fuel properties and carbon intensity factors were sourced from the UK Government GHG Conversion Factors for Company Reporting (2021 edition). The Global Warming Potentials 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 the US market, we have extrapolated energy data from cost data. We do not report data for our small UK market since electricity consumption is charged through a building services fee.

Starting in 2021, we have applied the most recent figures available from the International Energy Agency (IEA) on the carbon intensity of national electricity supplies to all markets necessary.

We continue to apply the following hierarchy for market-based factors this year: 1) electricity supplier factor (or centralized I-RECs purchases); 2) credible residual factor source (e.g. Reliable Disclosure Systems for Europe [RE-DISS] for European countries); 3) same as a location-based factor. For I-RECs purchases, we match the sourcing to the market of consumption, and the production year to the consumption year, wherever possible. Our provider recommends the most appropriate substitute in cases where this is not possible.

While I-RECs show 0 g CO_2/kWh, for transparency reasons, we mention the global averages for emissions related to hydropower.

The global averages for hydropower from reservoirs/dams are:

▸ Direct emissions (Scope 2) in tropical regions: 38.8 g CO_2e/kWh. In non-tropical regions: 5.8 g CO_2e/kWh

▸ Indirect emissions (upstream Scope 3) in tropical and non-tropical regions: 6 g CO_2e/kWh

For I-RECs generated from run-of-river hydro the corresponding global average emission factors are:

▸ Direct emissions (Scope 2): 0 g CO_2e/kWh

▸ Indirect emissions (upstream Scope 3): 4.1 g CO_2e/kWh

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

Biogenic emissions only relate to the biofuel content of transport fuels and are considered negligible. All relevant greenhouse gases are included in the calculation, i.e. CO_2, CH_4, N_2O, and hydrofluorocarbons (HFCs), along with the impacts of radiative forcing for business flights. We use operational control as the consolidation approach for emissions. 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 larger complexes, with limited or no access to energy data. All retail data is excluded as it is not considered material for the Group's footprint.

When looking at business travel, we extrapolated kilometers flown data based on flight spend data for all markets (with the exception of Myanmar for which we could not obtain comparable spend data). The UK Government GHG Conversion Factors for Company Reporting (2021 edition) were applied to convert kilometers into CO_2e (including R.F.). To streamline reporting, we now apply the "international not to/from the U.K." factor with "average" seat class to all flights; we used to apply the "domestic" factor, irrespective of the market, for domestic flights.

▶ **GRI 302-1, GRI 305-1, GRI 305-2, GRI 305-3**

We also prepare a carbon disclosure in line with the CDP climate change disclosure system. CDP is an international non-profit organization that aims to establish business standards for environmental reporting and risk management. DKSH has published CDP disclosures since 2016, given the organization's importance to both business partners and investors. For information on our latest carbon disclosure, please visit the CDP website.

Pollution Prevention

Management Approach

Our Health, Safety and Environment (HSE) policy encompasses all environmental and climate issues and underlines our commitment to conducting business in an environmentally responsible manner. In keeping with this policy, local HSE Managers are responsible for maintaining a register of national environmental laws and regulations and for ensuring compliance across all our operations.

Our enhanced HSE Management System references ISO 14001. Local HSE Steering Committees are responsible for ensuring its effective deployment within their respective markets, while local HSE Managers support the practical implementation of management systems and processes.

In 2022, we conducted an environmental risk assessment (ERA). Its primary objective was to identify and assess risks arising from the operation of our facilities and, if necessary, to implement suitable mitigation measures to reduce risks to acceptable levels.

We engaged an external environmental consultancy firm to conduct the assessments for selected sites located in six markets (Australia, China, Indonesia, Malaysia, Philippines, and Thailand), representative for each of our four Business Units. The objective was to gain a representative yet comprehensive picture of our various business activities in manufacturing, distribution or other, carrying potential environmental risks.

The assessment involved reviewing information and documentation provided by DKSH, online interviews with key personnel, and site visits to selected facilities.

The assessment focused on four environmental aspects:
▶ Energy efficiency
▶ Emissions reduction
▶ Waste management
▶ Other environmental impacts (such as noise, air quality, water quality, and material storage)

Environmental/climate risk profiles were created for each facility to generate a list of significant environmental/climate risks and potential gaps in the current system.

The ERA found that, in general, our environmental/climate impacts are minimal or that the measures implemented at our sites are already sufficient to manage existing risks, but not without recommending several measures to further strengthen our management approach. We will continue to improve environmental protection at our sites by implementing the ERA's recommendations.

▶ **GRI 413-1, GRI 413-2**

Water Conservation and Effluent Management

We minimize our impact on the environment by using water in a responsible manner and treating our wastewater properly. Our approach to water and wastewater management is decentralized, allowing our facilities to tailor measures to their location and specific products.

For example, our United Drug (1996) facility in Thailand, which manufactures pharmaceutical and medical products, takes stringent measures to protect people and the environment from risks associated with wastewater while also meeting regulatory requirements. The existing wastewater treatment plant was upgraded and made more efficient. This new plant is slated to enter regular operations in the second quarter of 2023.

Resource Efficiency

Waste Management

With a comparatively small manufacturing footprint in our Own Brands, we generate product packaging plastic waste only to a small extent. While we have no influence on the packaging of our clients' products, we aim to keep packaging waste in logistics to a minimum.

Preparing goods for delivery mostly requires cardboard boxes and plastic film for pallet wrapping. Packaging waste is also generated from incoming shipments. Healthcare cold-chain goods need extensive packaging to protect temperature-sensitive items. We already use the recyclable B-Box in Thailand and the Orca Box in Malaysia. To further reduce packaging waste, Business Unit Healthcare launched a pilot project testing an alternative to wood-pulp carton boxes in 2022. This pilot project was initiated with a partner that uses agricultural waste from sugarcane and wheat production to create the fibers for paper and carton boxes. Whilst the ecological benefit from the pilot was satisfying, scalability in terms of supply remains a major obstacle for the time being. We will continue our efforts for exploring sustainable packaging materials in 2023.

We also generate waste from unsold goods, administrative activities (office waste), and IT. Following the introduction of the DKSH Guidelines on Waste Management in 2020, our major distribution centers in the markets of Australia, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Taiwan, Thailand, and Vietnam reported waste data in 2022. In total, these markets generated 38,223 tons of waste, including 5,391 tons of hazardous waste in 2022. The data serves as the foundation for setting targets to improve our waste management. Going forward we will further enhance waste reporting and our waste management approach by providing more granular data regarding different waste categories and recovery statuses. In turn, this will serve our goal of generating less waste, diverting more waste away from disposal and towards recovery.

Our waste reporting approach is based on a pilot project conducted in Thailand in 2021. During this pilot, Thai distribution centers completed monthly reports quantifying waste generation, disposal, and recovery. The data was categorized by material type and whether the waste was hazardous. During 2022, we successfully fine-tuned and stabilized data collection, leading to the initiative being rolled out in the markets mentioned above.

In recent years, we have also made strides forward in our digitalization journey by automating certain stages of customer transactions. Using digital technologies, we have created a paperless system to enhance efficiency and accuracy while reducing our environmental footprint by eliminating paper usage and printing. This project, successfully piloted in Malaysia and Singapore, will be implemented in our major markets, with the first rollouts in 2023.

▶ **GRI 306-1, GRI 306-2, GRI 306-3**

Safe Storage, Handling, and Transportation of Dangerous Goods and Hazardous Chemicals

We ensure that the dangerous goods and hazardous chemicals we distribute are stored, handled, and transported safely. 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. This system sets clear standards and guides personnel with assigned roles and responsibilities. Where appropriate, we rely on the services of carefully selected specialized outsourcing service providers while retaining oversight of our suppliers' performance.

Reducing Product Waste in Business Unit Consumer Goods

Sustainability is an important issue for Business Unit Consumer Goods. In 2021, the team created a sustainability organization comprising Sustainability Champions from each market to identify sustainability priorities and mobilize action through coordinated activities. Reducing product waste was identified as the core topic to be addressed. A Product Waste Reduction Toolkit was developed and deployed in early 2022. This toolkit creates awareness and encourages the whole Business Unit to work collaboratively to reduce product waste.

In March 2022, DKSH signed an agreement with the Global FoodBanking Network (GFN), a non-profit organization that develops and supports food banks in more than 40 markets. This partnership aims to scale up efforts to recover and distribute surplus food and non-food products throughout the Asia Pacific region. To kick off this partnership, donations were made to SOS Thailand and Feeding Hong Kong, the GFN's partners in Thailand and Hong Kong. These endeavors will continue and will be rolled out to other GFN local food banks in more markets.

Business Unit Consumer Goods donated a total of 132 metric tons of products to food banks (or similar organizations) in 2022. This represents an 82% increase in donations versus 2021.

TCFD Report

Our Impacts

Climate change is a critical concern for DKSH. Considerable opportunities and risks lie ahead because of the changes in our environment caused by global warming and the transition to a low-carbon economy. Understanding and assessing these implications is crucial, especially considering their growing importance to investors and businesses. Our approach is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. This chapter of our Sustainability Report is drawn up in accordance with the recommended TCFD disclosures to show how we are responding to climate change through our risk management system and strategy.

Climate Governance

We have assigned climate-related responsibilities to various positions and committees throughout our organization – mainly our Board of Directors, the Executive Committee, including the Chief Executive Officer (CEO), and the Sustainability Committee.
Our climate-related responsibilities are managed within our sustainability governance structure. Detailed information on our sustainability governance structure can be found in the Sustainability Governance and Risk Management chapter.
Further information on our climate governance can be found in our CDP Questionnaire 2022 (sections C1.1a, C1.1b, C1.2a, and C1.3) available on the CDP website.

Strategy and Assessment of Climate-Related Risks and Opportunities

DKSH recognizes that climate-related risks and opportunities have the potential to affect our business and supply chain reliability. We identify and assess risks, including climate-related risks, in accordance with the DKSH Risk Management Policy. The Risk Management team conducts the formal risk identification and assessment for risks that could have a substantive financial or strategic impact. Further information on our risk management can be found in the Sustainability Governance and Risk Management chapter and in our CDP Questionnaire 2022 (sections C2.1a, C2.1b, C2.2, C2.2a, C3.3, and C3.4) available on the CDP website.
In 2022, we also assessed transition and physical risks. The use of different climate scenarios helped us identify climate-related issues, assess possible future risks and opportunities, and adapt to developments at an early stage.
The transition risk assessment drew on the Net-Zero Scenario (NZE) of the International Energy Agency (IEA). The NZE defines a pathway to achieving net-zero CO_2 emissions by 2050 in keeping with the Paris Agreement's goal to limit the rise in global temperatures to 1.5°C relative to pre-industrial levels. The scenario assumes key parameters facilitating the transition to a low-carbon economy in the fields of energy, technological, political, and market developments. It allows us to make scenario-based assumptions about the impacts and risks associated with the transition to net-zero CO_2 emissions by 2050.
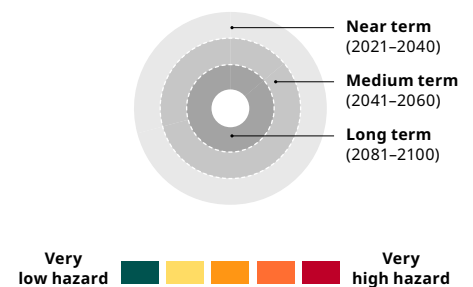
The physical risk assessment was grounded in scenarios taken from the 6th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). Scenarios looking at 2-degree global warming (SSP1-2.6) and 4-degree global warming (SSP5-8.5) were examined by looking at three different horizons: near term (2040), medium term (2060) and long term (2100). As recommended by the Task Force on Climate-Related Financial Disclosures, our analysis focused on the 4-degree scenario to map physical risks to our business associated with a changing climate according to the scenarios.
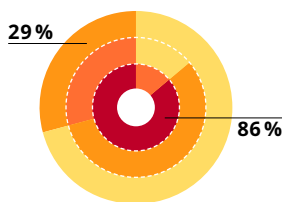
As a first step in the physical risk assessment process, we conducted an in-depth physical hazard assessment for DKSH's entire value chain (our upstream and downstream value chain as well as our own sites) using the IPCC World Atlas regional information tool. It found that physical hazards such as mean temperature increase, heavy precipitation, and drought (see tables below) pose a high risk to some operations. We also expect rising sea levels to become a hazard in the long term because DKSH is active in regions that will most likely be at risk of increasing sea levels and operates sites that are close to the coast. The assessment has some limitations; for example, it does not allow for site-specific judgments.

Mean Temperature Increase
(4-degree global warming scenario, IPCC SSP5 – 8.5)

An increase in mean temperature is one sign of changing climatic conditions in a region where rising temperatures are considered most likely. Higher temperatures can lead to longer and more severe droughts impacting agriculture and human health, but also more frequent wildfires and more intense tropical storms.
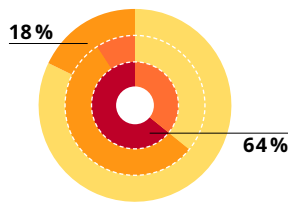
Near term
(2021–2040)

Medium term
(2041–2060)

Long term
(2081–2100)

Very
low hazard   Very
high hazard

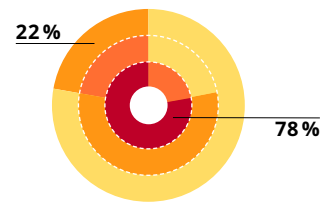### Upstream value chain

29 %

86 %

In the near-term scenario, only 29 % of the regions where we source products face a medium risk of a mean temperature increase. This increases to 86 % of regions facing a very high risk in the long-term scenario.

Own sites

18 %

64 %

In the near-term scenario, only 18 % of the regions where we have our own sites face a medium risk of a mean temperature increase. This jumps to a very high risk for 64 % of the regions in the long-term scenario.

### Downstream value chain

22 %

78 %

In the near-term scenario, only 22 % of the regions where we sell products face a medium risk of a mean temperature increase. This climbs to 78 % of regions with a very high risk in the long term.

These figures refer to the share of regions taken into account, according to the variable "Mean Temperature" of the IPCC World Atlas regional information tool.

Heavy Precipitation
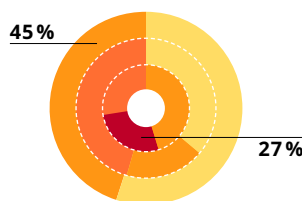**(4-degree global warming scenario, IPCC SSP5 – 8.5)**

Climate change can affect the intensity and frequency of precipitation. More frequent and heavier rain and snow events can destroy infrastructure and buildings. On the other hand, less precipitation can result in a drought, which impacts agriculture and human health.
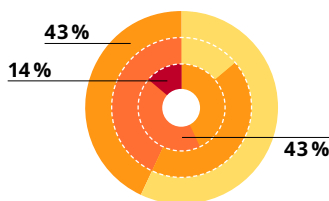
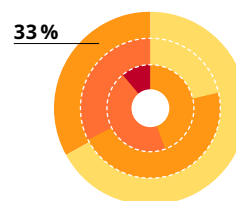| Upstream value chain	Own sites	Downstream value chain
43 % 14 % 43 %	45 % 27 %	33 %
43 % of all regions already face a medium risk of changed precipitation in the near-term scenario, which encompasses regions in Asia and the U.S.A. Between now and 2100, 57 % of all regions will experience a very high or high risk that is strongest in South Asia.	45 % of all regions already face a medium risk of changed precipitation in the near-term scenario. Between now and 2100, 27 % will face a very high risk, mainly regions in Northern Europe, the Mediterranean and South Asia.	33 % of all regions already have a medium risk of changed precipitation in the near-term scenario, which intensifies to higher hazard risks by 2100. South Asia will be the most affected, followed by East Asia, Southern Australia, and Western and Eastern North America.

These figures refer to the share of regions taken into account, according to the variable "Standardized Precipitation Index" of the IPCC World Atlas regional information tool.

Drought
(4-degree global warming scenario, IPCC SSP5 – 8.5)

Drought is measured by the number of consecutive dry days and has an impact on agriculture and human health.
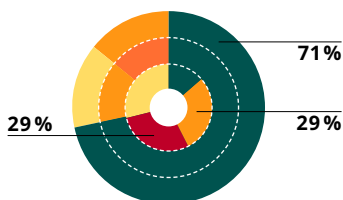
Upstream value chain	Own sites	Downstream value chain
71 % 29 % 29 %	36 % 9 % 18 %	11 % 33 %
In the near-term scenario, 71 % of all regions face no risk, while in the long-term 29 % are affected by medium risk and another 29 % by high risk.	63 % of all regions are affected by a medium to high level risk in the long-term scenario.	In the near-term scenario, 11 % of regions, mainly in Western and Central Europe, already have a medium risk. By 2100 the risk will have increased in all regions except South Asia, whereby 33 % of regions will face a very high risk.
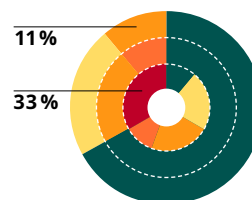
These figures refer to the share of regions taken into account, according to variable "Consecutive Dry Days" of the IPCC World Atlas regional information tool.

After finalizing the hazard assessment, we held a workshop with internal experts from all four Business Units as well as representatives from our Business Units, Supply Chain Management, Business Development, Group Strategy & Analytics, Group Risk, as well as Group Sustainability to discuss the results of the scenario analyses and prioritize climate-related risks, impacts, and opportunities.

During the workshop, we analyzed and weighted scenarios and considered the physical impacts and consequences for our business activities and upstream and downstream climate change. As a result, we identified five opportunities, five physical risks, and six transition risks and related impacts (please see table below for details) which may impact our business operations and financial planning.

Opportunities

The following mitigation and adaptation measures create opportunities for DKSH.

Measure	Opportunity
More efficient distribution processes and vehicles	Cost reduction by making distribution processes more efficient
Improvements to the Business Continuity Plan (BCP)	Timely and appropriate response to climate-related challenges through an improved BCP
More efficient building infrastructure	Cost reduction by decreasing energy and water consumption in buildings
Digitized services	Lower emissions by using more digital marketing and sales services
Sales of low-emission goods & services	Attracting and retaining clients who prefer low-emission products and gaining a competitive advantage by developing tiered services to cater to demand for highly sustainable versus lower environmental products and services

Physical Risks

We identified the following acute and chronic physical impacts of climate change.

Risk	Impact
Damage to transportation infrastructure through rising sea levels and heavy precipitation	Delivery disruption and higher costs as emergency alternative solutions have to be found, difficulties for employees to travel to work leading to high absenteeism and operational disruptions
Damage to energy infrastructure caused by extreme weather events	Operational and supply chain disruptions, systems breakdown
Reduced raw material availability to DKSH clients due to drought stress	Disruption of raw material availability to DKSH clients, impacting availability of consumer goods
Lack of insurance due to extreme weather events	Natural hazards might not be insurable in the future, leading to high cost of risk transfer
Health impact on workforce	Negative impacts on the health and safety of the workforce, leading to absenteeism and a lack of talent

Transition Risks

The following risks are associated with the transition to a low-carbon economy

Risk	Impact
Greater emission reporting obligations	Cost and required increase in human resources capacity
Greenwashing accusations	Reputational damage which impacts demand; more effort to perform due diligence
Dependency on electricity supply	Increased dependency on electricity supply requires consistent energy infrastructure
High uncertainty about energy supply and prices	Increased costs associated with fluctuating energy prices and unexpected shifts in energy prices
Reduced capital availability	Capital is increasingly tied to a company's climate performance as sustainability policies become more common
Increased pricing of greenhouse gas emissions	Rising energy prices, energy or carbon taxes and regulatory driven costs, regional inequality leading to geographic redistribution

Further information on climate-related risks and opportunities can be found in our CDP Questionnaire 2022 (sections C2.2, C2.2a, C2.1b, C2.3a, and C2.4a) available on the CDP website.

Climate-Related Metrics and Targets

DKSH is adapting its business model to reflect risks arising from climate change and to make an active contribution to mitigating climate change. In keeping with these efforts, DKSH has defined a path towards its climate neutrality goal for 2030. This target is part of our Sustainability Framework and works towards the Swiss Government's climate targets of reducing emissions by 50 percent by 2030 with a 1990 baseline, under the framework of the Paris Agreement.

We achieved our greenhouse gas emissions target – to reduce emissions from our own operations by 35 % by 2025 compared with a 2020 baseline – four years early. Therefore, in 2021 we updated our target. The new target for 2025 is a 65 % reduction against our 2020 baseline. In 2022, we reduced our greenhouse gas emissions (Scope 1 and 2) in our own operations by 42 % compared with our base year 2020 and by 3.5 % compared with 2021 through various initiatives. These activities help us fast-track our ambition to be climate-neutral in our own operations by 2030.

To this end, we are reporting key core performance indicators, such as our own greenhouse gas emissions in accordance with Scope 1, 2, and 3 of the Greenhouse Gas (GHG) Protocol. We also collect data and regularly review our performance in the area of waste. Our emissions-related reporting and data can be found in the Climate Change Mitigation chapter, while information on waste is located in the Resource Efficiency chapter.

In addition, all Business Units and relevant Functions must define measures contributing to DKSH's overall target of becoming climate-neutral.

Further information on climate-related metrics and targets can be found in our CDP Questionnaire 2022 (sections C1.3, C4.1, C4.1a, C4.2b, C5, C6, C7, and C11.3a) available on the CDP website.

Responsible Supply Chain

Our Impacts

Since activities within our supply chain may have a variety of environmental and/or social impacts, we take specific measures to minimize their effects. We acknowledge that challenges in upholding human rights exist in some of our markets. DKSH also faces risks associated with working conditions and human rights when using employment agencies to hire foreign, temporary, and casual workers and when subcontracting activities to local logistics industry. We are committed to addressing these risks in our supply chains and positively impacting the communities where we operate.

Procurement and Manufacturing Operations

DKSH's main business is to provide market access and highly specialized and tailored local marketing and distribution services within the framework of our four distinct Business Units. We operate a contract-based business model, procuring trading goods directly from a global client base, with products either supplied locally or internationally, as determined by our clients. Our other businesses include international sourcing of products for customers, marketing of Own Brands (self-manufactured or sourced) under trademark ownership or license, and on limited-scale retail franchising as well contract manufacturing for a local customer base.

▶ **GRI 2-6**

Our procurement related to distribution, sourcing, and manufacturing activities accounts for more than 90 % of total procurement. Whilst we strive to maximize local sources of supply, these are either determined by clients or are based on availability of suitable materials and components in our sourcing and manufacturing businesses. A split between international vs. local sourcing or procurement is currently not available.

Our business model is heavily geared towards local service delivery, from importation down to sales, delivery, and after-sales service. This usually involves working with local service providers to assist with marketing, logistics, or other activities. Logistics represents a significant portion of our local spend, along with advertising and promotional expenses that we manage for our clients or for our own operations. For the in-market execution of our business, we estimate that procurement from local suppliers[27] in significant locations of operation[28] accounted for almost 100 % of our spending in 2022.

▶ **GRI 204-1**

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27 Supplier that is based in the same geographic market as the reporting operation.
28 DKSH defines significant operations as all markets with more than 500 employees. This includes the 11 markets of Australia, Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, Thailand, and Vietnam.

Ensuring Responsible Procurement

Up until 2018, business relationships in the supply chain were forged on the principles expressed and communicated via DKSH's Code of Conduct. Moreover, all our procurement activities have been governed all along through various sets of specific policies, providing more detailed guidance towards applicable standards in the business (such as our Anti-Bribery and Anti-Corruption, or Conflict of Interest, or Third-Party Intermediary policies). In 2018, for a more concise management of business relationships pertaining to non-trade procurement (NTP), we launched our Supplier Code of Conduct expressing expectations towards business partners in a more focused manner.

In 2022, we took further steps towards a comprehensive management of business relationships in the supply chain by committing to the principles of the United Nations Global Compact. This commitment was turned to action through the adoption of a Responsible Procurement Policy in mid-2022, authorized by the Executive Committee with endorsement by the Board of Directors.

This Policy reflects national and international legislation and standards for responsible business conduct, such as the Organization for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. It specifies standards and principles related to ethics, human rights, working conditions, and environmental stewardship that DKSH has committed to uphold. It stipulates, for instance, that we do not tolerate child labor in any form and do not procure conflict minerals.

The Policy sets out the following risk management processes, including due diligence procedures, to ensure that suppliers adhere to our standards: We assess new suppliers and monitor active suppliers for risks or concerns pertaining to ethical business conduct, environmental practices, labor conditions, and human rights. This process categorizes suppliers based on the nature of their business with us, with each category assessed and rated on likely environmental or social impacts and risks. Suppliers ranked with a higher risk profile are prioritized for further screening and verification.

Furthermore, complementing our Responsible Procurement Policy, we adopted a new Supplier Business Conduct Policy, replacing our Supplier Code of Conduct. We expect our suppliers to acknowledge their commitment to, under-standing of, and application of our standards and principles in accordance with the Supplier Business Conduct Policy.

Any related concerns are directly taken up with suppliers and brought to a satisfactory resolution. This procedure also helps us comply with our responsibilities under new Swiss legislation on transparency in non-financial matters and associated due diligence requirements, effective as of January 2022.

The implementation of the Responsible Procurement Policy and the Supplier Business Conduct Policy started in 2022 and is expected to be completed in the later part of 2023, inter alia operating alongside the Third-Party Intermediary and the NTP Policies.

The diversity of our business and products at times requires flexibility in our management approach as opposed to a one-size-fits-all model. Business Unit Performance Materials, operating further upstream in the supply chain closer to origins of raw materials and ingredients, has taken steps to submit suppliers of trading goods to a more elaborate screening and assessment process by signing an agreement with EcoVadis as an assessor company, in line with their strategic priority of creating a more sustainable product portfolio.

▶ **GRI 2-23, GRI 2-24, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1, GRI 414-2**

Reducing the Impact of Palm Oil Cultivation

Beyond these general rules, we are paying particular attention to the issue of palm oil, a product which is used in our trading business and our manufacturing activities to a minor extent. Although palm oil plays a marginal role in our business activities, we actively strive to manage the environmental and social risks associated with this product.

DKSH is a member of the Roundtable on Sustainable Palm Oil (RSPO), a global non-profit organization where we work with other stakeholders throughout the supply chain to make the global palm oil industry more sustainable. Currently we hold one RSPO certification (Indonesia), seven RSPO Distributor Licenses (European and Asian countries) and are developing additional DKSH country RSPO candidates, proving that we have committed to and comply with the organization's sustainability requirements. Moreover, we submit the required Annual Communication on Progress (ACOP) at Group level for all DKSH entities involved under RSPO.

Ethics and Integrity

Our Impacts

▶ **Anti-Corruption**
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. This may negatively impact society or the economy. In light of this, we are taking steps to mitigate corruption-related risks.

▶ **Responsible Marketing Practices**
We engage in marketing and advertising and relabeling activities under our own brand, making accurate and complete product information a highly relevant topic for us.

▶ **Responsible Tax Practices**
We generate economic value that stimulates economic growth. In turn, this has positive impacts, for instance through tax payments to local governments that we manage in a responsible manner.

▶ **Data Privacy and Protection**
We generate and access large amounts of data related to our products and services and may collect personal data. Therefore, we take numerous measures to prevent data loss and ensure confidentiality.

Anti-Corruption

Working to Combat Corruption

Our company does business in several industries and markets where the risk of corruption is high and where negative impacts on society are possible. We know that corruption can result in fines, affect our ability to cultivate and nurture business ties, and harm our relationships with investors. To this end, we are actively working to lessen any risks associated with corruption.

Operating at the highest ethical standards is the foundation for our business, as enshrined in our Code of Conduct. In 2022, we underlined our commitment to ethical conduct by strengthening our compliance headcounts.

Our company performed training and education activities to ensure that expectations are understood at all levels of the organization and to encourage people to speak up if they have concerns about improper behavior. In 2022, we completely revamped our compliance training to improve efficiency. Rolling out an interactive format helped us enhance user engagement and learning outcomes. In addition, a leading law firm validated our compliance training content to ensure that it meets regulatory requirements. We also introduced dashboards and data analytics tools to provide insights and real-time data so that managers can oversee completion of compliance training within their teams.

At DKSH, we are committed to acting with integrity and conducting business in an ethical manner. This includes not tolerating any form of bribery or corruption – issues 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 markets and industries we work in are generally viewed as having higher exposure to corruption risks. Bearing this in mind, it is imperative that our employees and business partners understand our values and our expected standards of business conduct and uphold these principles in all their activities.

The Board of Directors of DKSH is responsible for adopting the Group's compliance standards and policies and supervising their application. Working in tandem with local governance bodies, senior leadership plays a pivotal role in communicating our values in word and deed. This includes DKSH's Executive Committee at Group level, the Boards of our publicly listed entities in Malaysia and Indonesia, and all our local Country Management Teams.

Compliance Program

Most organizations face the risk of fraud and embezzlement. At DKSH, we recognize these issues 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, actively managing bribery risks features high on our corporate agenda. Our management approach to mitigating these risks is addressed in several Group policies, including our:

- ▶ Compliance Policy
- ▶ 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

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

Launched in January 2022, our Compliance Policy is the backbone of our compliance program. It defines the fundamental principles of compliance, sets out responsibilities, and specifies how this Function is organized within DKSH. The Policy designates integrity and reputation as key assets at DKSH. Under its provisions, management is in charge of compliance at DKSH, but all employees share responsibility for its implementation. The Policy outlines these core principles to increase ownership of compliance risks.

Risk Assessment

In 2018, we launched an enhanced bribery risk assessment process[29] for deployment across all our markets, with prioritization based on national scores in Transparency International's Corruption Perception Index (CPI). By the end of 2022, 18 of our markets (48 %) had adopted our risk assessment process, representing 100 % of our significant operations, 95 % of net sales, and 100 % of operations located in territories exposed to higher risks as per the CPI rating. We identify risks based on a detailed mapping process. The level of risk is determined using the Group's Risk Management policy and procedures, and appropriate controls are assigned. For example, working with intermediaries in business transactions potentially increases the risk of bribery; controls include due diligence requirements for standard or enhanced procedures depending on the assigned risk levels.

Interaction with healthcare professionals, which is highly regulated at national and global levels, is another area where we have identified and addressed a risk of non-compliance with the law. We also carefully monitor and manage the handling of gifts and hospitality. Furthermore, we are aware of and mitigate corruption-related risks during procurement, when obtaining product and/or marketing approvals, and in the bidding process for public tenders.

All risks and their mitigating controls are documented in detailed Bribery Risks & Controls (BRC) templates. Controls include documenting control processes and procedures, how controls are communicated within the organization, and how relevant personnel are instructed and trained to perform controls. BRC templates are reviewed and revised annually to ensure that they are up to date. These templates also serve as the basis for review and enforcement activities by the corporate compliance team.

▶ **GRI 205-1**

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29 Based on "Diagnosing Bribery Risk", Guidance for the Conduct of Effective Bribery Risk Assessment, Transparency International UK.

Conflicts of Interest

In addition to performing risk assessments, our compliance program includes training, education, reviews, and audits, as well as investigations and corrective actions if incidents occur. Managing conflicts of interest (COI) is critical in any compliance program.

We continued to train our employees on conflicts of interest in 2022, with 100 % of employees completing related courses. Going forward, COI refresher training will be included in our revamped online compliance training model that was launched in late 2022.

Training and Education

Training and education are cornerstones of our compliance program and are instrumental in driving and maintaining a culture of ethics and compliance. Within three months of joining our organization, all new employees must undergo mandatory training, including on the Code of Conduct and avoiding corruption, as part of our thorough onboarding procedures.

All employees are required to refresh their knowledge of DKSH's anti-corruption policies periodically. Our training focus in 2022 was on creating organization-wide compliance training on all our compliance policies. In 2023, we intend to merge high-risk training (Cyber Security, Compliance, Anti-fraud, Anti-harassment) to form a single Integrity Training package.

Compliance training[30] completion, by employee category

Employee category	In scope	Completed	Ratio
Senior management[31]	155	148	95.5 %
Employees[32]	21,677	20,478	94.5 %
Others[33]	359	279	77.7 %
Workers[34]	3,070	2,841	92.5 %
Total	**25,261**	**23,746**	**94.0 %**

Compliance training completion, by region

Region	In scope	Completed	Ratio
Greater China[35]	2,146	2,146	100.00 %
Thailand	8,443	7,567	89.62 %
Malaysia and Singapore	4,224	3,969	93.96 %
Rest of Asia Pacific	10,057	9,673	96.18 %
Rest of the world	391	382	97.70 %
Total	**25,261**	**23,737**	**93.97 %**

In 2022, 100 % of members of our two highest governance bodies, the Board of Directors and the Executive Committee (see Annual Report 2022, p. 14ff.), were aware of DKSH's anti-corruption policies.

▶ **GRI 205-2**

30 Compliance training includes anti-corruption training and communication regarding anti-corruption policies and procedures.
31 Senior refers to managers in corporate, regional, or local management roles.
32 DKSH employees as well as client staff performing office work or semi-professional office, administrative, and sales coordination tasks and individuals with supervising tasks.
33 Individuals expected to remain in an employment situation with DKSH or DKSH's clients only for a certain period of time such as temporary employees with a fixed-term contract, trainees, apprentices, or interns as well as contractors.
34 DKSH employees as well as client staff performing manual labor and being considered as skilled or unskilled workers.
35 Includes mainland China, Hong Kong, Macau, and Taiwan.

Ethics in the Medical Sector

As a distributor of pharmaceutical and medical devices, DKSH's Healthcare Business Unit regularly interacts with healthcare professionals (HCPs). We support ethical business conduct by endorsing relevant industry codes of ethics (International Federation of Pharmaceutical Manufacturers and Associations [IEPMA], Asia Pacific Medical Technology Association [APACMed]) and through active membership in the respective industry associations.

Comprehensive Manuals for Interactions with HCPs in our Pharmaceutical, Medical Devices and Diagnostics product categories convert these codes of ethics into internal processes and procedures to ensure compliance with the relevant local codes when interacting with HCPs and enhancing DKSH's compliance program. In 2022, we launched a new IT platform. This intuitive HCP engagement solution is designed to simplify expense monitoring processes related to interactions with HCPs and includes business, compliance, and finance monitoring.

Integrity along Our Supply Chain

As an outsourcing partner for our clients, we are committed to upholding integrity in the supply chain within our sphere of influence. This includes our business partners, such as 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 Business Conduct Policy and the ABAC policy serving as contractual requirements. All service providers must undergo risk-based due diligence procedures before admission. Screening processes are periodically refreshed upon contract renewal, 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 Business Conduct Policy are communicated to all business partners acting for and on behalf of DKSH.

▶ **GRI 205-2**

Integrity Line

Our Integrity Line is a secure online reporting platform providing employees and external parties with a 24/7 channel to notify concerns in confidence and, at the reporter's discretion, anonymously.

Employees and business partners can use the Integrity Line to report any misconduct, especially violations of applicable law, and/or DKSH internal standards, rules, regulations or procedures. Such concerns might relate to unethical business practices, bribery or corruption, harassment, conflicts of interest, inappropriate workplace behavior, or any other activity suspected of violating the Code of Conduct, our company policies, or the law.

All reports are properly reviewed and kept confidential. Our strict non-retaliation policy protects reporters who raise concerns in good faith.

We publicize the existence of our Integrity Line internally and externally, with the aim of empowering employees and external parties to speak up and promptly report any incidents of corruption or other misbehavior.

Under the guidance of the Group's Compliance or Internal Audit Functions, cases are investigated, and errant parties are adequately sanctioned. DKSH has zero tolerance for retaliation against anyone who reports incidents in good faith. Such assurances are provided to employees via clear commitments contained in the ABAC and other policies, and to those reporting using Integrity Line.

In 2022, we recorded 131 reports via Integrity Line or other channels, with most reports relating to complaints in employee matters. Fifty-two reports (40 %) were sufficiently substantiated to be investigated, with 30 reports relating to corruption, predominantly relating to fraud and embezzlement. Of these 30 corruption cases, 90 % resulted in termination or voluntary resignation, and the remaining 10 % in warnings.

Updates on compliance concerns and our compliance program are reported to the Audit Committee quarterly and to the Board of Directors annually.

▶ **GRI 2-16, GRI 2-25, GRI 2-26, GRI 205-3**

Effectiveness of the Compliance Program

Ensuring the proper application of compliance standards comes under the remit of management at all levels. The Group's Compliance Function supports management by providing advice, methodologies, and tools. Moreover, it performs reviews to assess the level of awareness, understanding, and application of standards and compliance controls through a structured review and tailored enforcement program.

We regularly review how effectively our compliance program is rolled out across our markets. We take immediate action to resolve any shortcomings flagged by these reviews.

The results of such assignments are independently reported to the Board of Directors. 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. Our Group also makes use of any results of such assessments to strengthen our compliance program. No instances of non-compliance with laws and regulations occurred in 2022.

▶ **GRI 2-27**

Responsible Marketing Practices

Committed to Responsible Advertising

Our main business involves marketing and distributing products sourced from manufacturers. Many of our products are imported and require local customization before they are fit for sale. We engage in significant marketing and advertising and sizable relabeling activities under our own brand. Growing public awareness and new policy initiatives addressing transparency have increased the demand for accurate and complete product information, so this topic is highly relevant to DKSH's business model and brand reputation.

The marketing of our products can pose inherent risks without proper management or relevant and necessary product information. There is always a risk that marketing promises, incomplete product information, and labelling may prevent consumers from making informed decisions. At DKSH, we want to avoid this potential negative impact on consumers, so we have made responsible marketing a key practice.

Adapting and customizing products 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. Business Unit Healthcare, which faces especially stringent regulations, performs customization work in accordance with the Good Manufacturing Practice (GMP). Business Unit Performance Materials implements and audits against the strict requirements for classification, labeling, and packaging of the Globally Harmonized System (GHS).

When marketing our Own Brands products, our Regulatory Affairs teams ensure that we adhere to applicable laws. We observe guidelines on responsible marketing published by the relevant industry bodies for all products distributed by Business Units Consumer Goods and Healthcare. Policies, procedures, and controls are in place and 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 2022, DKSH recorded two incidents of non-compliance with regulations concerning product and service information and labeling. Both incidents resulted in a warning. With regard to regulations concerning marketing communications, DKSH recorded five incidents of non-compliance, whereby two incidents resulted in a warning and three incidents resulted in a penalty of insignificant amount.

▶ **GRI 417-2, GRI 417-3**

Industry-Specific Marketing in the Healthcare Business

In many jurisdictions, advertising and promoting healthcare products are highly regulated, often limited, or even disallowed. Many products are prescribed or dispensed by healthcare professionals, or require professional expertise for their application. Various segments within 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 associations of the International Federation of Pharmaceutical Manufacturers and Associations [IEPMA], Asia Pacific Medical Technology Association [APACMed]) and by operating management programs to ensure compliance by employees and service providers.

Preventing Anti-Competitive Behavior

Our Policy on Fair Competition explains the basic provisions of anti-trust and competition law. This policy is designed to improve managers' and employees' awareness of the basic rules of competition law and the implications that these rules have for commercial decisions.

Contracts with business partners are thoroughly and diligently vetted by the legal department, including a review of potential issues related to anti-trust and competition law. Similarly, the legal department is in regular contact with business teams to explain aspects related to these issues. This step is needed to ensure that our day-to-day operations comply with rules to prevent trusts and unfair competition. In 2022, DKSH was not identified as a participant in legal actions related to anti-competitive behavior or violations of anti-trust and monopoly legislation.

▶ **GRI 2-27, GRI 206-1**

Responsible Tax Practices

Taking a Responsible Approach to Taxes

As a multinational company, we drive sustainable economic growth in markets around the world through the economic value we create. In turn, this has a positive impact on our stakeholders, such as providing returns and dividends for our shareholders, salaries for our employees, and tax payments to local governments.

Our company is committed to complying with tax laws in all markets where we operate and to paying taxes in the markets where the revenue is generated. Intra-group transactions are carried out under market conditions and are supported by transfer pricing documentation. All inter-group transactions are subject to the "arm's length" principle described in the Organization for Economic Co-operation and Development's (OECD) Transfer Pricing Guidelines. We are cooperative and transparent in our interactions with local tax authorities and strive to achieve a swift resolution to tax matters.

DKSH has a Group Tax Policy in place, which is reviewed annually by the Chief Financial Officer (CFO) and Head of Tax. The policy is approved by the Board of Directors. Any proposed amendments are subject to the Board's approval. The Group Tax Policy is aligned with the Group's Code of Conduct and is applicable to all tax and finance professionals who deal with tax matters within the Group.

The policy seeks to support our strategy and ensures that we pay the right amount of taxes which are legally due in the jurisdictions where our business is conducted. In particular, the Group Tax Policy sets out five core guidelines and ensures compliance by stipulating our tax compliance process flow and the obligations of each entity within the Group. The tax policy is available internally on our finance portal to ensure that all employees have access to it.

Tax Risks

We take tax risks very seriously, so we have put in place processes to manage and monitor these risks. The Group Tax Policy is aligned with the Group's wider risk and control framework. Tax matters requiring significant judgements or decisions are escalated to the Country Management Teams and/or the Senior Executive Team.

Apart from engaging in regular communication with Country Finance Managers, Group Tax prepares a monthly tax report for the CFO and senior management. This report updates the recording and tracking of reported tax risks and all forms of tax fluxes and losses, payments, etc. The monthly report prepared by Group Tax serves as a management tool for oversight and control in regard to the Group's tax affairs. We have also created a tax dashboard, which tracks the corporate tax return submission compliance rate and tax audit status. The dashboard also shares transfer pricing benchmarking data within the Group and is accessible 24/7.

Employees and external parties can report concerns about unethical or unlawful tax-related behavior using the Integrity Line, our online reporting platform. More information on this channel can be found in the <u>Anti-Corruption</u> chapter.
▶ **GRI 207-1, GRI 207-2, GRI 207-3**

Data Privacy and Protection

Keeping Everyone's Data Safe

Data theft, leakage, and security have become genuine concerns for all companies in today's digital and interconnected world. Our business operations inevitably handle large amounts of data related to products, services, customers, and business partners. Moreover, DKSH may need to collect personal data about employees, contractors, and others. Since we serve clients who are also competitors, ensuring confidentiality is critical.

Bearing all of this in mind, we have taken action to prevent data loss in order to reduce the potential negative impact that this might have on companies and individuals and their human rights. For instance, data privacy and protection are firmly enshrined in our corporate strategy.

As stated in our Code of Conduct, we are fully committed to processing and protecting personal data with due care. We pledge to comply with applicable data protection laws and to adhere to our principle of protecting confidentiality. Our information security program and cyber security strategy are endorsed and supported by the Executive Committee and the Board of Directors, under the responsibility of the Group's Chief Information Officer.

We also appointed a Global Data Privacy Lead in December 2022. This role's responsibilities include monitoring data privacy compliance within DKSH entities and ensuring that all data processing activities adhere to local laws and regulations. The Global Data Privacy Lead is also in charge of delivering training and following up on completion rates. Conducting data privacy impact assessments for new products, services, and goods is another task under this person's remit.

Our strategy focuses on taking countermeasures to prevent cyber threats, developing an organization-wide information security maturity model, and running group-wide cyber security awareness programs.

Under this strategy, we have an IT Security Policy in place and a dedicated global Information Security team available via a 24/7 hotline to deal with urgent security matters.

We train our staff on various topics relating to information security. In 2022, about 17,400 employees (2021: about 17,300 employees) completed the security awareness online program; this corresponds to a completion rate of 96 %. DKSH's main digital & IT hub is in Malaysia. Each market has its own local IT team responsible for in-country technology needs and support. Regular group-wide cyber security awareness training, digital & IT newsletters, and ad hoc digital & IT newsflashes help maintain awareness of sensitive topics across all markets.

Our Corporate Shared Services Center SAP infrastructure on information security management has been ISO 27001:2013-certified since 2018. Since gaining this certification, we have conducted several surveillance audits to ensure process adherence. The latest successful ISO 27001:2013 surveillance audit took place in September 2022. Our quality assurance team ensures that the required standards are met on an ongoing basis.

Our digital and IT systems undergo regular independent audits by external stakeholders and the Group Internal Audit team. Additionally, the Group IT Security team performs controls review on IT installations on a regular basis. Our business continuity and contingency plans and 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 2022. Similarly, DKSH is not aware of any identified leaks, thefts, or losses of customer data.

▶ **GRI 2-27, GRI 418-1**

Our Outcome

We deliver a wide variety of products and services that enrich people's lives. Our company empowers people by supplying them with goods that are safe and delivered with integrity. Moreover, we strive to support local communities in the markets we operate by providing employment opportunities and engaging in charitable projects.
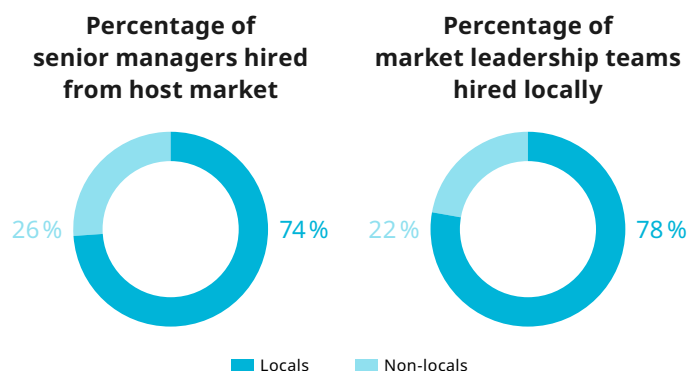
Local Community Development

Our Impacts

Our company has a positive impact on local communities and empowers people to exercise their human rights by providing employment and development opportunities and supporting the underprivileged through local charitable projects. We also know that our business activities may have a negative impact on local people, for instance in the form of impacts on human health and the environment in local communities.

Local Hiring and Skills Development

One way that we help local communities is by employing and empowering people. We believe that sharing business practices across cultures contributes to local skills and economic development. Our diverse teams represent various cultures and backgrounds and help DKSH serve as a bridge between international clients and local customers. To this end, we also hire a considerable number of local sales representatives, merchandisers, and warehouse workers across the markets where we operate.

In 2022, DKSH employed around 32,600 employees, covering 91 nationalities, meaning that we speak the language and understand the culture of our business partners in the 37 markets where we operate. In 2022, 78 % of our market leadership teams[36] were hired locally[37]. Within our markets with significant operations[38], 74 % of all senior[39] managers were hired from the host market (2021: 68 %).

Percentage of senior managers hired from host market

26 % — 74 %

Percentage of market leadership teams hired locally

22 % — 78 %

■ Locals ■ Non-locals

▶ **GRI 202-2**

We also offer employment opportunities for people living with disabilities who struggle to enter the workplace. For example, DKSH employs ten hearing-impaired people from the local community at the Famous Amos cookie outlets in Malaysia.

36 Market leadership teams refers to heads of each Business Unit and Function within a market.
37 Local refers to employees either born or who have the legal right to reside indefinitely (such as naturalized citizens or permanent visa holders) in the same geographic market as the operation.
38 DKSH defines significant operations as all markets with more than 500 employees. This includes the 11 markets of Australia, Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, Thailand, and Vietnam.
39 Senior refers to managers in corporate, regional, or local management roles.

Access to Food, Medicines, and Healthcare

We are aware of our role in supply chains and our responsibility when supplying and providing products, such as live-saving drugs, to local markets. Therefore, Business Continuity Planning (BCP) is an important part of our risk management process. BCP helps us prepare for potential risks of disruption and to ensure continuous maintenance of our business activities. In 2022, we achieved our target of 100 % of our sites having a Business Continuity Plan. We will continue to improve the robustness of our Business Continuity Planning in 2023.

In keeping with our Sustainability Strategy's objective to "Make a Positive Local Impact", our teams in the markets engage in individual projects to improve access to medicines and healthcare within their local area of reach. For example, we choose to donate rather than destroy products and supply life-saving products to the best of our ability.

In 2022, Business Unit Consumer Goods reduced 132 metric tons of product waste by donating good-quality surplus products to societies in need. In addition, we have not only delivered millions of doses of COVID-19 vaccines across Asia Pacific, but in 2021, we also donated medical test kits and raised awareness of essential medicines and food supplements in mitigating COVID-19 risks and related symptoms. In Cambodia, Myanmar, and Vietnam, our local teams organized a blood donation drive and offered blood glucose testing at offices and distribution centers.

DKSH Patient Solutions

Along with providing access to food, medicines, and healthcare, we also offer patient support programs with both online and offline capabilities to further enhance the lives of our patients. Today, we are solving issues surrounding access, adherence, and convenience while ensuring that the patient is put at the center of care. Our solutions have helped increase access to high-quality healthcare, educate and guide patients through their care journey, and increase reach through rural regions.

As of 2022, our solutions had impacted more than 30,000 specialty care patients across eight markets. Taking a holistic approach, we work with over 3,000 healthcare providers that include, but are not limited to, clinical oncologists, nurses, pharmacists, and caregivers.

"Buy X Get Y Free" (BXGYF) component is one of the many solutions we offer. We manage these programs that allow patients to buy X boxes (of medication) and get Y free at their next visit. This helps make treatment more affordable, without compromising the level of care received.

Local Community Impacts

Along with improving health and well-being, we want to reduce any negative social and environmental impacts that we have on local communities.

Environmental impacts can include pollution or emissions. As a countermeasure, in 2022, we conducted an environmental risk assessment in six markets and at 11 sites to investigate their impacts on their immediate surroundings. For more information on the environmental risk assessment, please see the Pollution Prevention chapter.

Equally, we strive to manage social impacts on communities. One important area here is safe driving, because we and our contractors travel a lot in local traffic as part of our business activities, e.g. when visiting customers or delivering orders. In 2022, we continued our efforts to promote road safety by rolling out campaigns across markets such as Thailand and Malaysia.

Poor infrastructure makes road safety especially challenging in Thailand. With this in mind, DKSH has taken a variety of measures to improve driver safety. We already map the number of accidents and identify why incidents occured in the first place. In 2022, more than half of the 77 traffic accidents involving DKSH employees or contractors occured outside our premises, with the remainder occurring on-site. DKSH Thailand strives to further reduce this number by improving safety equipment in vehicles and driving skills and encouraging a culture of safe driving. Almost 900 people took part in 22 defensive driving courses in 2022. These efforts are already bearing fruit: The number of fatalities and serious or major injuries was cut by 75 % to one in 2022. In 2023, DKSH Thailand aims to offer all drivers safety training and have a 100 % accident and incident reporting rate.

▶ **GRI 203-1, GRI 203-2, GRI 413-1, GRI 413-2**

Local Charitable Support

To give back and to create healthier and happier communities, we also engage in charitable projects and selected sponsorship programs. However, as stated in our Code of Conduct, DKSH does not engage in political processes or donate to political causes.

During 2022, we supported 76 charitable projects as part of our commitment to the local communities where we operate. Charitable activities took place in all our significant markets.

We have supported Right To Play in our major Thai market for more than 16 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.

Our partnership with the Liverpool FC Foundation and Right To Play continued with a football clinic for disadvantaged youth held at an international school in Nonthaburi, Thailand. Together with Right To Play, we have also supported a rehabilitation project to help juveniles re-enter society and make a fresh start after they leave the juvenile vocational training centers.

Product Quality and Safety

Our Impacts

Our business is built on trust and integrity: Our clients entrust us with marketing and distributing their products and expect us to preserve the quality and safety of their goods while under our care and custody. We know that product integrity and supply issues have different positive and negative impacts on people, including their human rights, and on society as a whole. We have positive impacts by combatting the spread of counterfeit products; this protects people and society against harmful effects. However, potential negative impacts may exist if we trade in products with health risks to consumers, such as medicines with dangerous side effects.

Attaining the Highest Standards

Across all product categories, we have quality management systems in place to ensure we meet the high standards necessary to safeguard the health and safety of customers, consumers, and patients. This includes assurances that all our products originate from authentic manufacturing processes, avoiding potential safety issues associated with counterfeit products.

Our management approach is tailored to the different Business Units and product categories we handle and the regulations governing them. Products in the healthcare sector must prioritize patient safety, 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). When distributing and manufacturing our products, we observe the Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP) standards. All our Healthcare distribution facilities are approved by respective local health authorities with the appropriate internationally recognized quality management system certification (e.g. ISO 9001 and ISO 13485). Our regulatory affairs specialists handle any issues related to product safety in accordance with stringent pharmacovigilance procedures.

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 our markets.

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. These procedures are enhanced by a new HSE management system and new guidelines for managing hazardous chemicals and dangerous goods, developed in 2020 and enacted in 2021.

Our Business Unit Technology focuses on safety procedures for the operation of machinery and equipment by our customers. Where applicable, our products are tested before delivery. Our service offering also includes installation, commissioning, and training to ensure proper and safe operation. All our service engineers are trained by original equipment manufacturers. Our clients or their appointed auditors frequently audit our operations to ensure that the storage and handling of products meet their expected standards.

Due to the sensitivity of the products, audits are of particular importance in the healthcare business. In 2022, clients of our Business Unit Healthcare carried out 61 audits through the Business Unit's 13 affiliates (compared to 87 audits in 2021). We recorded 180 mostly minor incidents of non-compliance and 0 critical incidents of non-compliance concerning the health and safety impacts of products and services. In 2022, authorities, certifying bodies, customers, and clients audited Business Unit Performance Materials (78 audits), and this Business Unit in turn audited selected goods suppliers (32 audits). In 110 audits performed, three critical findings were identified in two audits in Indonesia (one Government audit with one finding and one customer audit with two findings); deficiencies were successfully mitigated and closed in 2022.

Any deviation from applicable standards flagged by reviews, audits, or complaints are promptly reported and addressed. We guarantee a robust Corrective and Preventive Action (CAPA) process to mitigate any findings in accordance with applicable standards. This process addresses any audit findings and helps us to engage with our stakeholders in a meaningful way to resolve any issues. In addition, product recall procedures are in place, and DKSH constructively cooperates with all stakeholders should recalls occur.

As well as meeting the requirements of our clients and customers, we also strive to comply with the legal requirements relating to the health and safety of our products. In 2022, DKSH recorded two incidents of non-compliance with regulations concerning the health and safety impacts of products and services, which resulted in a warning, and one incident of non-compliance with a voluntary code on health and safety impacts.

▶ **GRI 2-27, GRI 416-2**

Appendix

GRI Content Index

DKSH has reported the information cited in this GRI content index for the period 1 January 2022 – 31 December 2022 with reference to the GRI Standards. The information in this report has been compiled using GRI 1: Foundation 2021.
If you have any feedback or need further information on our sustainability approach, please contact sustainability@dksh.com
All documents are available at:
www.dksh.com/global-en/home/about-us/sustainability

GRI standard	Disclosure	Location
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Annual Report 2022, pp. 10 ff., 118 ff.
	2-2 Entities included in the organiza-tion's sustainability reporting	This Sustainability Report covers all entities included in DKSH's financial reporting (Annual Report 2022, pp. 118-120). For entities acquired in 2022, the integration of management approaches and collection of non-financial data points may not have progressed to completion on all accounts, whereas gaps in the overall context of reporting are considered insignificant.
	2-3 Reporting period, frequency and contact point	The Sustainability Report and the Annual Report refer to the reporting period 1 January 2022 – 31 December 2022. Our sustainability reporting is updated on a yearly basis. Publication date of this Sustainability Report: May 16, 2023 Point of contact: sustainability@dksh.com
	2-4 Restatements of information	No restatement
	2-5 External assurance	Assurance report, pp. 68
	2-6 Activities, value chain, and other business relationships	Our Purpose and Business Model, p. 6 Responsible Supply Chain, p. 45 Corporate Brochure 2023, pp. 14-26, 38
	2-7 Employees	Employee Attraction, Satisfaction, and Retention, p. 30
	2-9 Governance structure and composition	Annual Report 2022, pp. 13-24 Sustainability Governance and Risk Management, p. 21
	2-10 Nomination and selection of the highest governance body	Annual Report 2022, p. 18
	2-11 Chair of the highest governance body	Annual Report 2022, p. 18
	2-12 Role of the highest gover-nance body in overseeing the management of impacts	Sustainability Governance and Risk Management, p. 21 Annual Report 2022, p. 23

GRI standard	Disclosure		Location
General Disclosures			
GRI 2: General Disclosures 2021 (continued)	2-13	Delegation of responsibility for managing impacts	Sustainability Governance and Risk Management, p. 21
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance and Risk Management, p. 21
	2-15	Conflicts of interest	Annual Report 2022, p. 18
	2-16	Communication of critical concerns	Sustainability Governance and Risk Management, p. 21 Ethics and Integrity: Anti-corruption, p. 50
	2-19	Remuneration policies	Annual Report 2022, pp. 34 ff. Sustainability Governance and Risk Management, p. 20
	2-20	Process to determine remuneration	Sustainability Governance and Risk Management, p. 20
	2-22	Statement on sustainable development strategy	Welcome from the CEO, p. 2
	2-23	Policy commitments	Labor Practices and Human Rights, p. 31 Responsible Supply Chain, p. 46
	2-24	Embedding policy commitments	Sustainability Strategy, p. 14 Responsible Supply Chain, p. 46
	2-25	Processes to remediate negative impacts	Ethics and Integrity: Anti-corruption, p. 50 We describe our impacts and the processes to remediate our impacts for all our material topics. Topic-specific information can be found in the chapters Our People, Our Business, and Our Outcome.
	2-26	Mechanisms for seeking advice and raising concerns	Employee Attraction, Satisfaction, and Retention, p. 27 Ethics and Integrity: Anti-corruption, p. 50
	2-27	Compliance with laws and regulations	Ethics and Integrity: Anti-corruption, p. 50 Ethics and Integrity: Responsible Marketing Practices, p. 51 Ethics and Integrity: Data Privacy and Protection, p. 53 Product Quality and Safety, p. 58
	2-28	Membership associations	Sustainability Governance and Risk Management, p. 22
	2-29	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment, p. 12
	2-30	Collective bargaining agreements	Labor Practices and Human Rights, p. 31

GRI standard	Disclosure		Location
Material topics			
GRI 3: Material topics	3-1	Process to determine material topics	Stakeholder Engagement and Materiality Assessment, p. 12
	3-2	List of material topics	Stakeholder Engagement and Materiality Assessment, p. 13
Market presence			
GRI 3: Material topics 2021	3-3	Management of material topics	Local Community Development, pp. 55 ff.
GRI 202: Market Presence (2016)	202-2	Proportion of senior management hired from the local community	Local Community Development, p. 55
Indirect economic impacts			
GRI 3: Material topics 2021	3-3	Management of material topics	Local Community Development, pp. 55 ff.
GRI 203: Indirect economic impacts (2016)	203-1	Infrastructure investments and services supported	Local Community Development, p. 56
	203-2	Significant indirect economic impacts	Local Community Development, p. 56
Procurement practices			
GRI 3: Material topics 2021	3-3	Management of material topics	Responsible Supply Chain, pp. 45 ff.
GRI 204: Procurement practices (2016)	204-1	Proportion of spending on local suppliers	Responsible Supply Chain, p. 45
Anti-corruption			
GRI 3: Material topics 2021	3-3	Management of material topics	Ethics and Integrity: Anti-corruption, pp. 47 ff.
GRI 205: Anti-corruption (2016)	205-1	Operations assessed for risks related to corruption	Ethics and Integrity: Anti-corruption, p. 48
	205-2	Communication and training about anti-corruption policies and procedures	Ethics and Integrity: Anti-corruption, p. 49
	205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity: Anti-corruption, p. 50

GRI standard	Disclosure		Location
Anti-competitive behaviour			
GRI 3: Material topics 2021	3-3	Management of material topics	Ethics and Integrity: Responsible Marketing Practices, pp. 51 ff.
GRI 206: Anti-competitive behaviour (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethics and Integrity: Responsible Marketing Practices, p. 51
Tax			
GRI 3: Material topics 2021	3-3	Management of material topics	Ethics and Integrity: Responsible Tax Practices, pp. 52 ff.
GRI 207: Tax (2019)	207-1	Approach to tax	Ethics and Integrity: Responsible Tax Practices, p. 52
	207-2	Tax governance, control, and risk management	Ethics and Integrity: Responsible Tax Practices, p. 52
	207-3	Stakeholder engagement and management of concerns related to tax	Ethics and Integrity: Responsible Tax Practices, p. 52
Energy			
GRI 3: Material topics 2021	3-3	Management of material topics	Environmental Responsibility: Climate Change Mitigation, pp. 34 ff.
GRI 302: Energy (2016)	302-1	Energy consumption within the organization	Environmental Responsibility: Climate Change Mitigation, p. 36, p. 38
	302-3	Energy intensity	Environmental Responsibility: Climate Change Mitigation, p. 36
Emissions			
GRI 3: Material topics 2021	3-3	Management of material topics	Environmental Responsibility: Climate Change Mitigation, pp. 34 ff.
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	Environmental Responsibility: Climate Change Mitigation, p. 35, p. 38
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Responsibility: Climate Change Mitigation, p. 35, p. 38
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Responsibility: Climate Change Mitigation, p. 35, p. 38
	305-4	GHG emissions intensity	Environmental Responsibility: Climate Change Mitigation, p. 36

GRI standard	Disclosure		Location
Waste			
GRI 3: Material topics 2021	3-3	Management of material topics	Environmental Responsibility: Resource Efficiency, pp. 39 ff.
GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	Environmental Responsibility: Resource Efficiency, p. 39
	306-2	Management of significant waste-related impacts	Environmental Responsibility: Resource Efficiency, p. 39
	306-3	Waste generated	Environmental Responsibility: Resource Efficiency, p. 39
Employment			
GRI 3: Material topics 2021	3-3	Management of material topics	Employee Attraction, Satisfaction, and Retention, pp. 27 ff.
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	Employee Attraction, Satisfaction, and Retention, p. 29
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Attraction, Satisfaction, and Retention, p. 29
Occupational health and safety			
GRI 3: Material topics 2021	3-3	Management of material topics	Health, Safety, and Well-being, pp. 24 ff.
GRI 403: Occupational health and safety (2018)	403-1	Occupational health and safety management system	Health, Safety, and Well-being, p. 24
	403-2	Hazard identification, risk assessment, and incident investigation	Health, Safety, and Well-being, p. 25
	403-3	Occupational health services	Health, Safety, and Well-being, p. 25
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health, Safety, and Well-being, p. 25
	403-5	Worker training on occupational health and safety	Health, Safety, and Well-being, p. 25
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health, Safety, and Well-being, pp. 24-25

GRI standard	Disclosure		Location
GRI 403: Occupational health and safety (2018) (continued)	403-8	Workers covered by an occupational health and safety management system	Health, Safety, and Well-being, p. 24
	403-9	Work-related injuries	Health, Safety, and Well-being, p. 26

Training and education

GRI standard	Disclosure		Location
GRI 3: Material topics 2021	3-3	Management of material topics	Employee Attraction, Satisfaction, and Retention, pp. 27 ff.
GRI 404: Training and education (2016)	404-1	Average hours of training per year per employee	Employee Attraction, Satisfaction, and Retention, p. 28
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Attraction, Satisfaction, and Retention, p. 28
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Attraction, Satisfaction, and Retention, p. 28

Diversity and equal opportunity

GRI standard	Disclosure		Location
GRI 3: Material topics 2021	3-3	Management of material topics	Labor Practices and Human Rights, pp. 31 ff.
GRI 405: Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees	Annual Report 2022, pp. 14 ff. Employee Attraction, Satisfaction, and Retention, p. 30 Labor Practices and Human Rights, p. 32

Non-discrimination

GRI standard	Disclosure		Location
GRI 3: Material topics 2021	3-3	Management of material topics	Labor Practices and Human Rights, pp. 31 ff.
GRI 406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	Labor Practices and Human Rights, p. 32

GRI standard	Disclosure		Location
Freedom of association and collective bargaining			
GRI 3: Material topics 2021	3-3	Management of material topics	Labor Practices and Human Rights, pp. 31 ff. Responsible Supply Chain, pp. 45 ff.
GRI 407: Freedom of association and collective bargaining (2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labor Practices and Human Rights, p. 32 Responsible Supply Chain, p. 46
Child labour			
GRI 3: Material topics 2021	3-3	Management of material topics	Labor Practices and Human Rights, pp. 31 ff. Responsible Supply Chain, pp. 45 ff.
GRI 408: Child labour (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	Labor Practices and Human Rights, p. 32 Responsible Supply Chain, p. 46
Forced or compulsory labour			
GRI 3: Material topics 2021	3-3	Management of material topics	Labor Practices and Human Rights, pp. 31 ff. Responsible Supply Chain, pp. 45 ff.
GRI 409: Forced or compulsory labour (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Labor Practices and Human Rights, pp. 31 ff. Responsible Supply Chain, p. 46
Local communities			
GRI 3: Material topics 2021	3-3	Management of material topics	Local Community Development, pp. 55 ff.
GRI 413: Local communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	Environmental Responsibility: Pollution Prevention, p. 38 Local Community Development, p. 56
	413-2	Operations with significant actual and potential negative impacts on local communities	Environmental Responsibility: Pollution Prevention, p. 38 Local Community Development, p. 56

GRI standard	Disclosure		Location
Supplier Social Assessment			
GRI 3: Material topics 2021	3-3	Management of material topics	Responsible Supply Chain, pp. 45 ff.
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Responsible Supply Chain, p. 46
	414-2	Negative social impacts in the supply chain and actions taken	Responsible Supply Chain, p. 46
Customer health and safety			
GRI 3: Material topics 2021	3-3	Management of material topics	Product Quality and Safety, pp. 57 ff.
GRI 416: Customer health and safety (2016)	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety, p. 58
Marketing and labeling			
GRI 3: Material topics 2021	3-3	Management of material topics	Ethics and Integrity: Responsible Marketing Practices, pp. 51 ff.
GRI 417: Marketing and labeling (2016)	417-2	Incidents of non-compliance concerning product and service information and labeling	Ethics and Integrity: Responsible Marketing Practices, p. 51
	417-3	Incidents of non-compliance concerning marketing communications	Ethics and Integrity: Responsible Marketing Practices, p. 51
Customer privacy			
GRI 3: Material topics 2021	3-3	Management of material topics	Ethics and Integrity: Data Privacy and Protection, pp. 52 ff.
GRI 418: Customer privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ethics and Integrity: Data Privacy and Protection, p. 53

SGS

VERIFICATION STATEMENT

Verification Statement

The inventory of Greenhouse Gas emissions in the period 01/01/2022 – 31/12/2022 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:

5,742 t CO$_2$e (Scope 1 emissions)

56,944 t CO$_2$e (Scope 2; location-based emissions for electricity)

27,877 t CO$_2$e (Scope 2; market-based emissions for electricity)

62,686 t CO$_2$e (Scope 1+2; Scope 2 location-based emissions for electricity)

33,619 t CO$_2$e (Scope 1+2; Scope 2 market-based emissions for electricity)

76,613 t CO$_2$e (Scope 3 emissions)

FOR THE FOLLOWING ACTVITIES

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

SCOPE

SGS has been contracted by DKSH Holding AG (hereinafter referred to as "DKSH") for the verification of direct and indirect carbon dioxide (CO$_2$) equivalent emissions as provided by DKSH as displayed in their GHG Assertion in the form of Sustainability Report 2022. (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 01/01/2022 – 31/12/2022.

SGS conducted a third-party verification following the requirements of ISAE 3000 of the provided CO$_2$ equivalent assertion in February to April 2023. 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$_2$ 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$_2$ 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.

GP5008 Issue 1

This engagement covers verification of emissions from anthropogenic sources of greenhouse gases included within the organization's boundary and meets the requirements of ISAE 3000.

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_2, N_2O, CH_4 and HFCs.
- GHG information for the following period was verified: 01/01/2022 – 31/12/2022
- 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_2 equivalent emissions are as declared by the organization's CO_2 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 01/01/2022 – 31/12/2022 disclosing Scope 1 and 2 emissions of 62,686 metric tonnes CO_2 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 76,613 tonnes of CO_2 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 01/01/2022 to 31/12/2022, and in addition to scope 2 emissions of 56,944 metric tonnes CO2 equivalent, is a disclosure of emissions of 27'877 metric tonnes CO2 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_2 equivalent assertion is not materially correct and is not a fair representation of the CO_2 equivalent data and information.

SUSTAINABILITY

In addition to the GHG information, SGS verified the following information provided in the sustainability report DKSH to a limited assurance for the period from 01/01/2022 to 31/12/2022:

- 31% **women in senior leadership positions**
- 0 cases of **fatalities** and 0 cases of high-consequence **work-related injury** (exclude fatalities)

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

Daniel Aegerter
Lead Auditor

Zurich, May 9th, 2023

Ingrid Finken
Product Manager Sustainability

WWW.SGS.COM

DKSH