

A scenic landscape featuring a traditional thatched-roof hut in the foreground, lush green fields, and a range of jagged mountains in the background under a dramatic, cloudy sky.

Sustainability Report 2020

Delivering growth – in Asia and beyond.

Welcome from the CEO



Dear reader,

I am pleased to share with you our **fourth Sustainability Report**.

COVID-19 has impacted us all in many different ways. We participated in the collective effort of our local communities to mitigate, as much as possible, the impact that it had on people's daily lives by ensuring the reliable and continued delivery of healthcare products to hospitals, clinics, pharmacies and retail stores; groceries and consumer goods to stores; specialty chemicals and ingredients to manufacturers; and technology products to businesses and laboratories.

In addition, in early 2021, we were honored to be entrusted by the Thai Government with the storage and distribution of the first COVID-19 vaccines to arrive in the market, and to be working in service to the Thai public health – a tangible example of delivering on our purpose to **enrich people's lives**. Our purpose also includes how we create jobs across Asia and offer an attractive and safe work environment. I am very proud of our teams. Read more about how we maintained our operations during the pandemic on page 10.

Throughout 2020 and early 2021, we further developed our approach to sustainability and established a new Sustainability Framework building on three pillars: **Our People – Our Partners – Our Planet**. The Framework embodies our purpose as a company and provides a clear commitment to measuring, improving and reporting on relevant sustainability topics. Read more on pages 11-12.

We recently launched the **Belonging@DKSH** program to celebrate diversity within DKSH. Other employee initiatives are aimed at increasing female and local representation in leadership roles. Demonstrating our enduring commitment to local communities, we continued to support more than 40 charitable projects across Asia Pacific in 2020.

Climate change is a key concern for all of us. Recognizing our responsibility for our **environmental impact**, we have for the **first time achieved assurance** for our environmental data and set a target to reduce our own carbon emissions by 35% until 2025. In addition to reducing emissions at source by optimizing transport and energy use, we will expand our proportion of renewable energy. By 2030, we aim to be climate-neutral in our own operations.

Finally, we established a clear **governance** structure for the management of Sustainability at DKSH, with the Board of Directors providing oversight and clear responsibilities and targets for the Executive Committee and Sustainability Committee. This will support our sustainability journey as we fulfil our purpose of enriching people's lives.

A handwritten signature in black ink, appearing to be 'S. Butz'.

Stefan P. Butz
CEO

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About us



10.7
billion
net sales in 2020



48
innovation
centers



160
distribution
centers



Operations in
36 markets

870
business locations



33,391
headcount



2,000
clients

2,000
suppliers

550,000
customers

DKSH Identity

As an international company with over 30,000 employees, our DKSH Identity brings us together as one strong DKSH team working towards a shared goal.

Our purpose

Enriching people's lives.

Our vision

Being the trusted partner.

Our strategy

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

Our values

Integrity Empowerment Collaboration Entrepreneurship Sustainability

Our promise

Delivering growth – in Asia and beyond.

DKSH in brief

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

Delivering life-saving drugs to hospitals, bringing high-quality products to remote villages, installing technology that raises living standards and providing new formulations for healthcare 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 this while helping our clients grow by distributing, promoting and servicing their products and helping our customers grow by providing access to high-quality products, services and insights.

Learn more at: dksh.com

Our four highly specialized Business Units



Healthcare
Net sales: CHF 5.4 billion
Specialists: 7,970



Consumer Goods
Net sales: CHF 3.8 billion
Specialists: 19,430

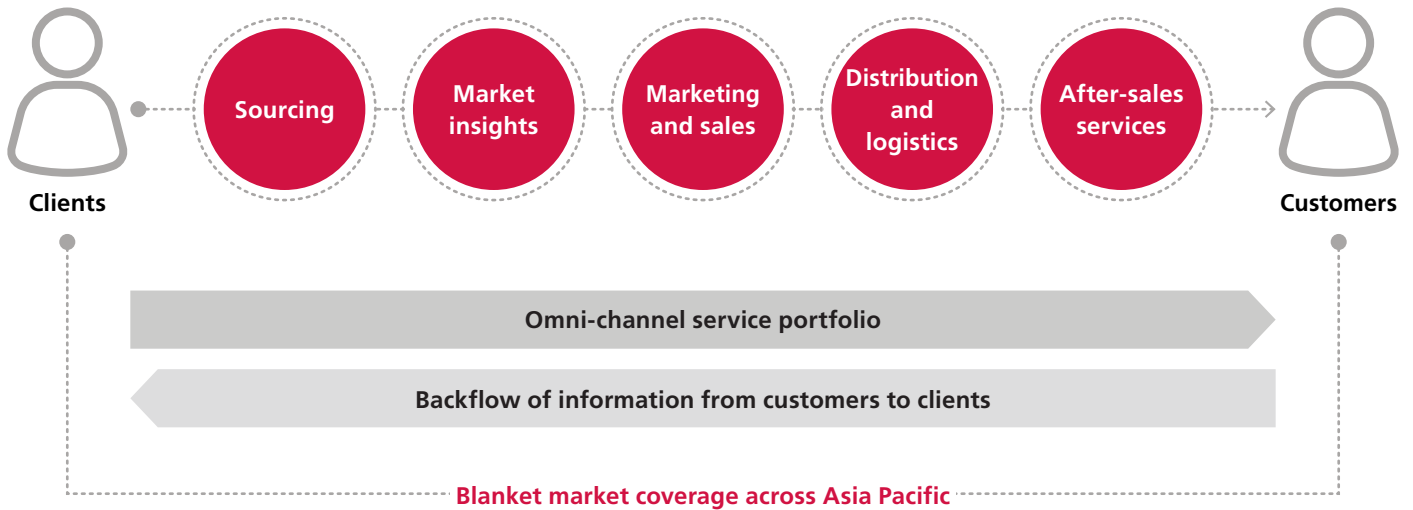


Performance Materials
Net sales: CHF 1.1 billion
Specialists: 1,260



Technology
Net sales: CHF 382.5 million
Specialists: 1,540

Services we offer



The underlying goal of any business is to drive growth. This is DKSH's role: providing companies with access and expertise to grow in and with Asia. We call this Market Expansion Services.

Our Market Expansion Services are:

Comprehensive

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

Customized

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

Integrated

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

Our service philosophy

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

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

Sustainability at DKSH

Sustainability highlights 2020



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



Funding education through the Pankan project in Thailand



Supporting a local community hospital in India



Achieving EcoVadis gold rating in France



Winning in nine key categories at the Asia eCommerce awards



Planting 50,000 trees to compensate emissions in founding markets

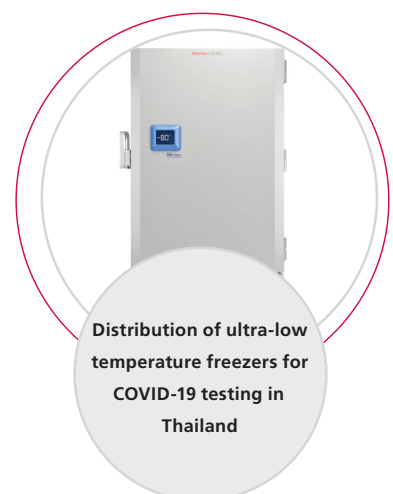


Launching electric vans in Thailand



Being awarded as one of the best companies at HR Asia Award in Vietnam

Our contribution during COVID-19



Our approach to Sustainability

Enriching people's lives.



Our people

Being an attractive employer committed to developing our talent.

SDGs

KPIs



Our partners

Providing access to markets, goods and services at highest business standards.

SDGs

KPIs



Our planet

Managing our environmental and social footprint

SDGs

KPIs

We take responsibility for our environmental, social and economic impact to account for present and future needs.

In the 19th century, our founders built trading relationships between businesses in Asia and Europe, bridging cultures and bringing people together. From humble roots, our business now employs around 34,000 people. What has not changed over all the last 150 years, however, is our business purpose: enriching people's lives.

For us, simply providing products is not enough. Of equal importance is how we conduct our business and what impacts our activities have on our stakeholders. Providing access to markets and products as well as generating jobs is what we have always done, and by doing this in a reliable and responsible way we contribute to the development of markets and communities as well as to the UN Sustainable Development Goals.

In 2020, we have made "Sustainability" one of our company values and we bring it to life through our Sustainability Framework focusing on three pillars:

Our people








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

Our partners

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

Our planet

We acknowledge that businesses must play their part and be mindful of their environmental and societal impacts. We are committed to **managing our environmental impacts** through adequate operational measures and to becoming a carbon-neutral company by 2030. Focusing on the markets in which we operate, we continue to be an **active supporter of the local communities**.

 <p>Our people</p> <p>Being an attractive employer committed to developing our talent.</p> <p>SDG link</p>  	<p>Developing our talent</p>	<p>Expand training reach and events with a focus on blended learning (p. 29)</p> <p>Increase managerial bench strength (p. 29)</p> <p>Continue reducing voluntary attrition rate (p. 30)</p>
	<p>Embracing diversity</p>	<p>Increase the representation of females in senior leadership (p. 18)</p> <p>Increase the representation of locals in market leadership teams (p. 18)</p> <p>Train >90% of our managers on diversity awareness (p. 18)</p>
	<p>Offering a supportive work environment</p>	<p>Expand Human Rights guidelines and frameworks (p. 30)</p> <p>Establish an employee engagement survey and improve engagement (p. 29)</p>
 <p>Our partners</p> <p>Providing access to markets, goods and services with highest governance standards.</p> <p>SDG link</p>  	<p>Procuring responsibly</p>	<p>Launch a sustainable procurement policy and related training (p. 32)</p> <p>Establish a roadmap to assess suppliers</p>
	<p>Delivering service excellence</p>	<p>100% of relevant sites have a Business Continuity Plan in place</p> <p>Strengthen health & safety approach to achieve zero high-consequence injuries (HCI) (p. 36)</p> <p>> 95% of employees complete business ethics training (p. 30)</p>
	<p>Managing our environmental impact</p>	<p>Reduce our own CO₂ emissions by 35% by 2025 (p. 25)</p> <p>Achieve climate-neutrality in our own operations by 2030 (p. 26)</p> <p>Create transparency on waste and expand eco-friendly packaging (p. 25)</p>
 <p>Our planet</p> <p>Taking responsibility for our environmental and social impact.</p> <p>SDG link</p>  	<p>Being an active community member</p>	<p>> 90% of significant locations engage in local community activities (p. 31)</p>

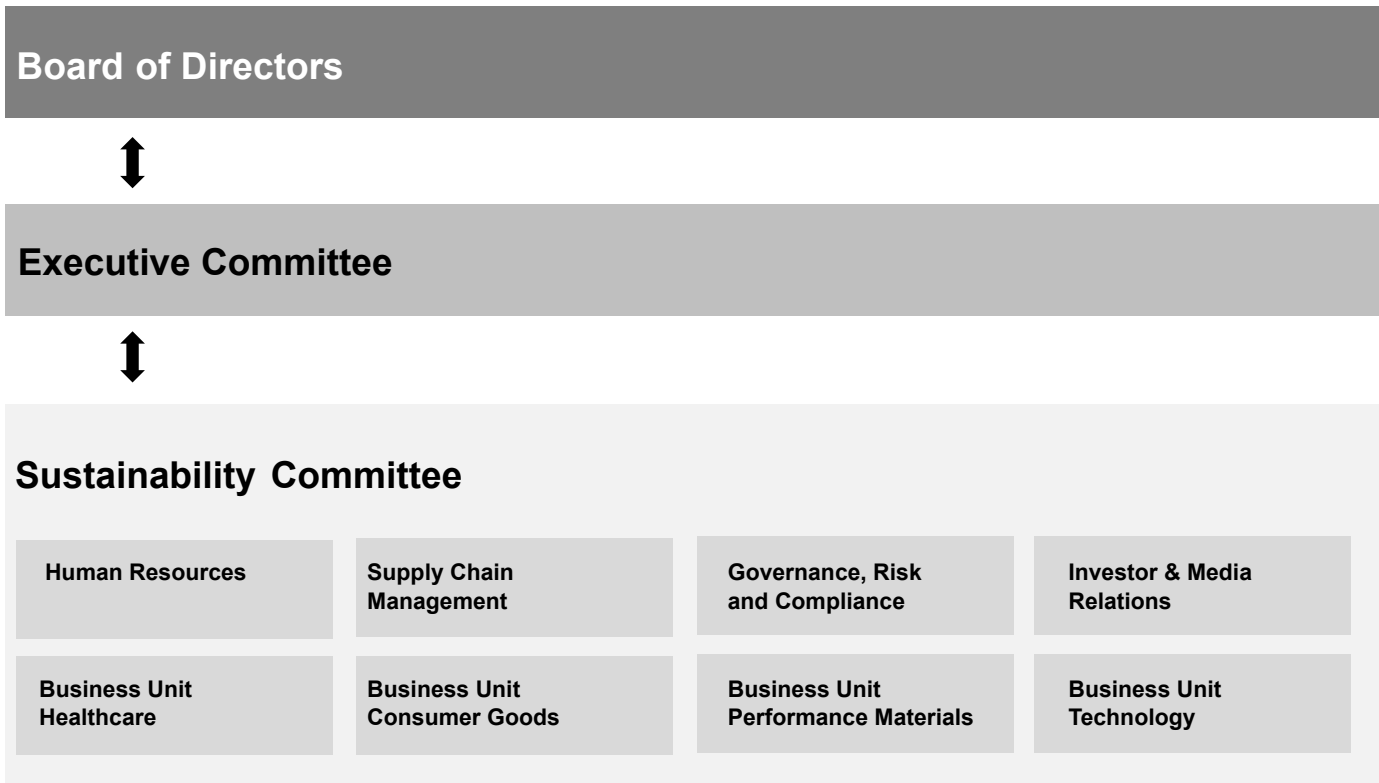
Our governance structure

Sustainability is an essential part of our business. Therefore, responsibility for Sustainability requires strong leadership and commitment throughout our highest governance bodies, such as the Board of Directors and our Executive Committee. This governance structure and our commitment to environmental, social and ethical topics are clearly defined in our Sustainability Policy.

As the highest governance body, the Board of Directors oversees our strategy and has appointed one specific member to supervise the Group's approach to Sustainability matters. In this role, the Board member supervises the work of the management-level Sustainability Committee and provides regular updates to the Board of Directors.

The CEO and the Executive Committee provide guidance on our Sustainability matters. From 2020, each Executive Committee member has sustainability-related targets linked to their variable compensation.

To drive each of our Sustainability topics, we have established a Sustainability Committee consisting of members of all relevant Functions and Business Units who meet at least four times per year. The Committee implements our Sustainability initiatives and provides quarterly updates to the Executive Committee and half-yearly updates to the dedicated Board member.



Environment



8%

reduction in our own carbon emissions year-on-year

35%

carbon reduction set for 2025

100%

renewable energy sourced at our major food blending plant in the Philippines

“We are mindful of the environmental and ecological impact of our activities along our value chain and are committed to reducing our carbon footprint through appropriate measures.”

First-time assurance of our carbon emissions



As a company, we recognize our responsibility to mitigate climate change. We are committed to conducting our business in an environmentally sustainable manner. Over the past years, we have reduced our emissions by optimizing transport and energy use. DKSH decreased emissions by 8% in 2020 and targets another 35%-reduction by 2025 against the baseline of 2020. To achieve this, we will reduce emissions at source by further optimizing transport and energy use, as well as expanding our consumption of renewable energy. As a leading example, our food-blending plant in the Philippines has already switched to renewable energy early 2021.

In addition to more efficient energy resources, we are also reviewing our approach to waste management, based on a new waste management guideline developed in 2020. Furthermore, we have introduced a group-wide project called “Faster – Leaner – Greener” to reduce waste especially at our office locations. The global project team targets these three goals for our internal processes and has implemented nearly 200 initiatives in 2020. These range from smaller measures such as installing proper recycling stations up to material changes like switching to digital signatures and approval processes. The project continues in 2021 and continues to focus on expanding renewable energy consumption and reducing waste.



Striving for higher electricity savings in Thailand's Distribution Centers

"In Thailand, we operate several large distribution centers, with a floor area of up to 50,000 square meters. Because of their size, these distribution centers represent the largest part of our electricity consumption in the market. As part of our continuous improvement mindset, we regularly discuss how to reduce electricity consumption. In 2020, we raised awareness for proper door management in our temperature-sensitive areas to reduce the influx of warm air and the need for extra cooling. We also reviewed our electricity consumption during every morning meeting. We optimized the use of lights during shift changes, installed motion sensors to control when lighting is switched on, set timers for both lighting and powered handling equipment, and switched to more LEDs. In total, we saved 1 million kWh of energy in 2020 or 17% of our total energy consumption in these distribution centers.

My team and I are very motivated to see how even small changes can result in significant savings and how much impact we can generate by establishing a set of easy-to-follow processes. We will keep up this spirit to identify further potential for more environmentally-friendly processes."

Sekson Insee, Logistics Support, DKSH Thailand



Serving our customers for better waste-treatment

"Our Business Unit Technology supports manufacturers of capital investment goods and analytical instruments to expand into the Asia Pacific markets. One of our customers in Taiwan is a leading, international industrial solutions provider. The regulator tightened environmental standards for wastewater treatment, which resulted in a more labor-intensive process and higher costs for our customer. DKSH approached the customer with an evaporation system solution developed by another DKSH client, Ehaled. This solution enables more efficient water reuse and matter recovery, reducing the overall amount of wastewater generated. The solution cut our customer's wastewater management costs by around 80%.

As a result, the company's production is not only more environmentally-friendly and compliant with government regulations, but the investment cost will be recovered in less than three years. This demonstrates how our teams apply their strong technical knowledge to add value for our customers and achieve more sustainable solutions for society."

Weilun Tsao, Business Unit Technology, DKSH Taiwan



Switching to renewable energy consumption in the Philippines

“As a leading distributor of specialty chemicals and ingredients, our Business Unit Performance Materials offers a wide range of value-added services in addition to sourcing, sales and marketing, distribution and logistics capabilities. Part of these value-added services is our food blending facility in Manila, Philippines. The plant serves our business partners with formulation and blending expertise for food service products, such as sauces, batter and premixes.

To operate our equipment, our plant consumes around 3 million kWh of electricity per year. With our local team, we have set the ambitious goal of becoming climate-neutral for the operations at this plant within the next few years. As a first step, we switched to 100% renewable electricity consumption early 2021, which will substantially reduce our carbon footprint. In addition, we started removing plastic bottles and swapped paper reports for digital solutions. As a next step, we will convert our conventional boilers to biodiesel and we intensify our efforts to reduce the use of plastic and paper.

We are proud to be well on track to render our blending services climate-neutral within the next few years. As a result, our tailor-made formulation services are not only leading in terms of quality and time-to-market, but also in satisfying our stakeholders’ demands for minimal environmental impact.”

Romil Jagunap, General Manager, Business Unit Performance Materials, DKSH Philippines



Social



27%

of our senior management are women

43

local community projects

>80,000

online learning and training sessions completed

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



Living up to our promise of enriching people’s lives, DKSH played a critical role in responding to the global COVID-19 pandemic. DKSH continued to reliably supply daily essentials and pharmaceutical products across Asia Pacific. While we ensured an uninterrupted supply chain even to the remotest areas in some of our markets, the health and safety of our employees remained as our highest priority.

As a services company, our nearly 34,000 people are the heart of our business, and of our success. We have strengthened our approach to promoting diversity among our workforce. Even though we already employ 27% women in our senior leadership and 73% local staff in local market leadership, we are committed to improving these ratios further.

Hiring and talent development practices have been implemented to strengthen our diversity and create opportunities for a broad range of employees.

Besides empowering our employees, a strong commitment to the local communities we operate in has always been an integral part of our business. We supported 43 projects across many of our markets. Early 2020, we have expanded our partnership with Right To Play to include the Liverpool FC Foundation and together use the transformative power of play to educate and empower children facing adversity in Thailand. To kick-off our new program, we organized a large launch event including a soccer tournament. Watch our video [here](#).

Belonging@DKSH



What is Belonging@DKSH?

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

Did you know that...

Women at DKSH make up:

53% of all employees
51% of all managers

Market leadership teams are:

73% local staff

DKSH employees represent:

75 cultures



Key initiatives for Belonging@DKSH

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

DKSH celebrates International Women's Day



"Proud to be a #WomanatDKSH as all my colleagues, male and female, treat me equally to others and are also equally dedicated, creative, supportive, open-minded and fun!"

- Christina Fiscoeder, Switzerland -



At DKSH, I have been encouraged as well as empowered and found my own path to lead myself with courage and self-esteem.

- Manoshi Mitra, India -



I'm proud to be a part of DKSH and to represent the company's sales achievement. In DKSH, everyone has the same opportunity to develop their own self.

- Elna Wita, Indonesia -



I am proud to be #WomanatDKSH because I have the opportunity to transform the surroundings, and with it myself. My pride comes from those who encourage me to move forward with multicultural experiences.

- Fernanda Ramalho, Spain -





At DKSH, differences allow us to broaden our perspectives and ideas that support our roles and responsibilities. There is no limitation regarding gender, here. Everyone has the opportunity to achieve success for themselves and the organization.

- Pinsirin, Jirabrovnkij, Thailand -



Proud to be #WomenatDKSH – filled with positive energy all day long!

- Luc Kim Loan, Vietnam -



At DKSH, we are empowered to be leaders and to see challenges as opportunities.

- Saraveth Horn, Cambodia -



The power of women at DKSH is truly beyond boundaries. We strive to make things happen, while being empathetic toward people and adaptable to situations.

- Suntree Phasaphasutha, Thailand -



Governance



Dedicated **Board**
member for Sustainability

Sustainability
Committee
established

Integrity line
introduced

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



Our success is rooted in collaborative, ethical and sustainable leadership. DKSH’s Board of Directors and Executive Committee are responsible for defining the business strategy and ensuring its execution, including on sustainability. In 2020, the Board appointed one dedicated member to oversee the Group’s Sustainability approach and maintain a regular exchange with the Sustainability Committee on management level. This Sustainability Committee was newly formed in 2020 and consists of representatives from all Business Units and relevant Functions. It is responsible to further develop and implement DKSH’s Sustainability strategy.

DKSH is committed to conducting business at the highest ethical standards. Therefore, DKSH expanded training efforts on the Code of Conduct. In 2020, nearly 100% of our workforce completed this training and passed the concluding test. Furthermore, DKSH established its Integrity Line, which is available 24/7 for all business partners. We encourage our stakeholders to report potential misconduct via this anonymous platform. This helps to ensure that our value of integrity is lived throughout our entire organization.

What really matters: our materiality matrix

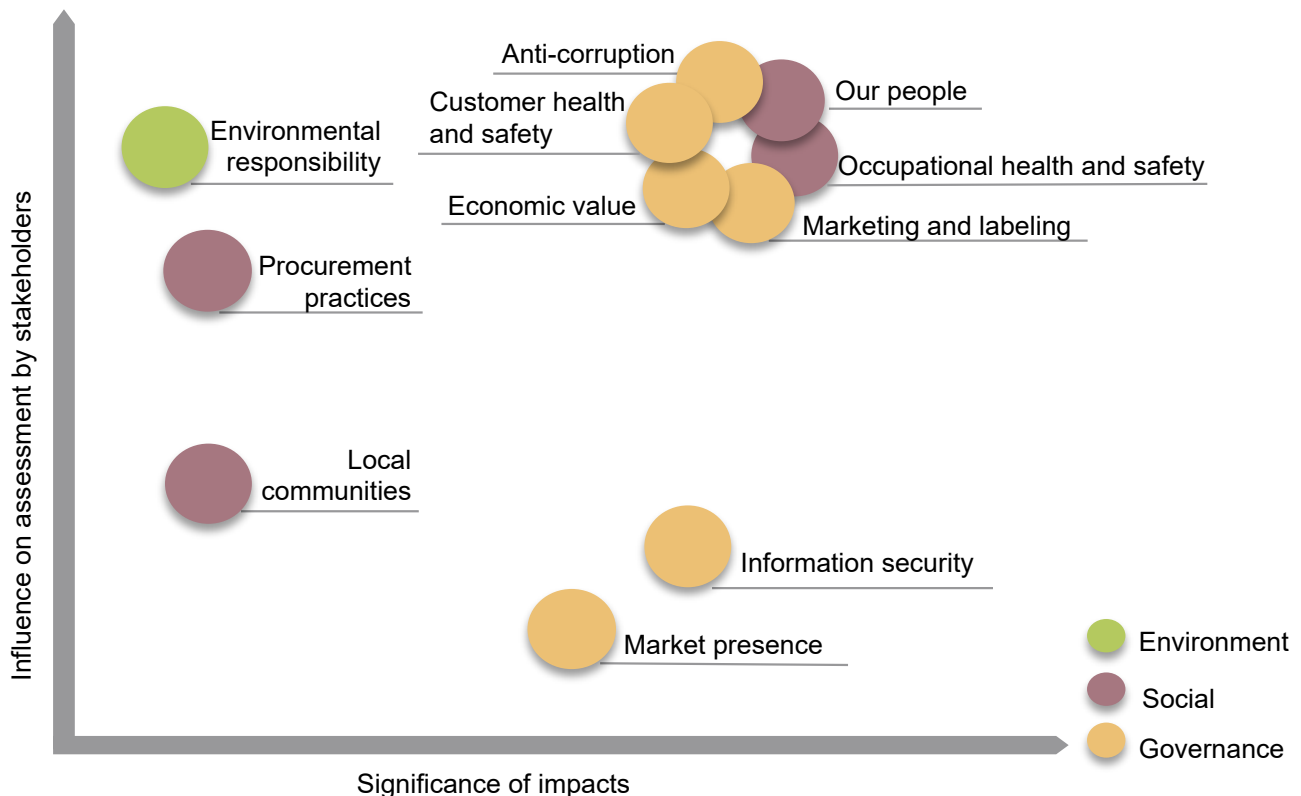
DKSH conducts materiality assessments to identify the most relevant topics for our stakeholders. Our initial materiality assessment was conducted in 2017. In 2018 and 2019, we performed a high-level review of the assessment. The review included the integration of updated information from business partners, analysts, media, investors and sustainability rating agencies. When defining report content, we have considered all significant aspects of our business along the value chain. Due care was taken for the preparation of this report through application of the reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness to the best of our ability.

For establishing our materiality matrix, a list of potential topics was assembled from several sources, including various industry frameworks, sustainability reports by peers, clients and customers, as well as important factors identified by DKSH's risk profile. Subsequent steps included an elimination of topics with limited relevance for our business, followed by an impact assessment conducted by survey, involving personnel located in various parts of the business and geographies.

Separately, expectations expressed by other important stakeholder groups, such as employees (via employee surveys), clients and customers, were taken up via direct feedback. In fact, many of our top clients and customers have adopted sustainability principles and reporting standards, and they expect DKSH to play its part in their upstream or downstream supply chains.

These expectations also relate to stakeholder groups that DKSH does not directly engage with – such as consumers of health-care products and fast-moving consumer goods.

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



Environment

Environmental responsibility



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

Our management approach has primarily been geared towards compliance with environmental rules and regulations applicable in the respective countries of operation, as mandated by our Health, Safety and Environment (HSE) policy. The policy underlines DKSH's commitment to conducting our business in an environmentally responsible manner and local HSE managers are tasked

with maintaining a register of applicable national environmental laws and regulations and for ensuring that all our operations are compliant.

Since 2017, DKSH has had not recorded any incidents of non-compliance with environmental laws and regulations.

GRI 307-1

Shifting gear

With the release of our new Sustainability policy in June 2020, we have expanded our focus from legal compliance to continuous improvement. This should support ongoing reduction of energy consumption, emissions, waste and other environmental impacts.

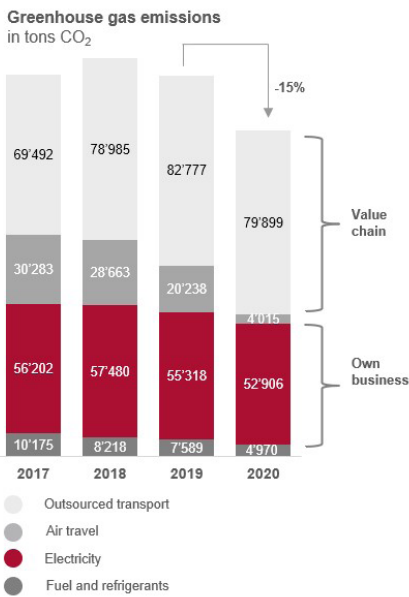
Our commitment

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

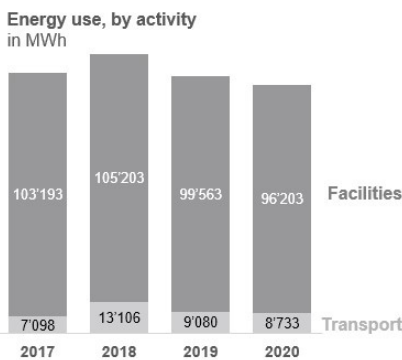
Our progress will be supported by an enhanced HSE Management System, referencing ISO 14001, which has been developed during 2020 and has been deployed in the first quarter of 2021.

Logistics operations

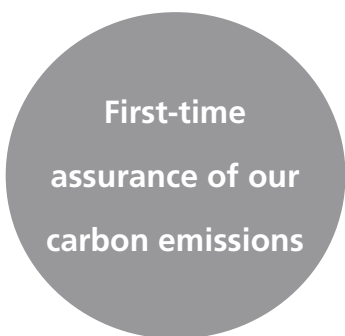
To distribute our clients' products and our own, DKSH operates 160 distribution centers (DCs). Our DCs and warehouses are typically leased, with a few of them built-



GRI 305-1 to 305-3



GRI 302-1



to-suit. They account for a significant part of our carbon footprint. Energy is consumed for lighting, cooling and operating forklifts and other handling equipment. Most of our handling equipment is battery-operated. Temperature-sensitive products may require storage and transport in air-conditioned vehicles or in special transportation boxes. Therefore, the use of refrigerants and the resulting fugitive emissions form part of our carbon footprint.

Our capillary distribution network serves several thousand customers daily. Our own fleet of vehicles is comparatively small. Most of our outbound deliveries are handled by transport service providers that we select based on quality, reliability and, increasingly, the type of fuel they use. One of our most significant impacts relates to fuel consumption within these vehicles. More than 95% of our outsourced fleet is diesel-powered, although some vehicles run on compressed natural gas or gasoline, and route optimization is key for operating efficiency. To increase efficiency and tackle emissions for our small company-owned fleet and our haulage carriers, we have rolled-out a specialized software targeting transport network optimization in six markets: Thailand, Singapore, Hong Kong, Malaysia, Vietnam and Taiwan. This tool enables us to plan the most efficient routes to take. The system resulted in considerable savings in 2020 despite certain Covid-19 effects. Demand in our Consumer Goods and Healthcare businesses was less affected since they are designated as “essential” by local authorities, however delivery routes had to be adapted and the number of trips needed increased in some markets.

Business travel

Under normal circumstances, travel is a key part of our business. Most of these journeys are usually made in vehicles not controlled by the company, such as business flights, travel by sales and service teams in their own cars, and travel by public transport.

Internal approval systems are in place to prevent unnecessary travel.

Once the global Covid-19 crisis emerged in early 2020, DKSH experienced a significant drop in business travel. While deliveries of goods were able to proceed, meeting customers was restricted at times and marketing activities were shifted online as much as possible, including webinars, online campaigns and new digital marketplaces.

While emissions from air travel dropped significantly in 2020, we expect these to gradually creep back up once the pandemic challenge subsides and international travel resumes. However, travel may not recover to pre-pandemic levels as our customers and sales teams take full advantage of digital communication tools that are now well established and proven to be successful.

Waste management

With a comparatively small footprint in own or outsourced manufacturing activities, waste primarily accumulates in our logistics activities pertaining to packaging materials. Preparing goods for delivery requires mostly cardboard boxes and plastic foil for pallet wrapping, and packaging waste is also generated from incoming shipments. Healthcare cold chain goods need particularly extensive packaging to protect temperature-sensitive items.

Waste may also accumulate from goods turned unsellable due to expiry or for other reasons, from administrative activities (office waste) or the redundancy of IT equipment.

During 2020, DKSH developed a more comprehensive guideline on waste management. In future reports, we intend to provide more information on waste and how we manage or reduce the amount of waste in our operation.

Faster – Leaner – Greener

In 2020, DKSH initiated a Group wide program called “faster-leaner-greener” (FLG), which promotes environmentally friendly practices, such as using digital solutions instead of paper. Living our value of collaboration, all markets have a dedicated FLG-representative who shares learnings and best practices with the wider team. DKSH implemented nearly 200 FLG initiatives in 2020 that were suggested by employees and replicated across to other markets. Examples range from ‘quick fixes’, such as providing clear labelling at recycling stations, to wider operational changes, such as switching to digital signatures and approval processes.

The program will continue in 2021, with a focus on expanding the use of renewables, reducing waste and paper consumption, and the overall streamlining of processes.

Our targets

Energy consumption and carbon emissions

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

In 2020, we set our first Group-wide carbon reduction target. By 2025, DKSH will reduce emissions from our direct operations by 35% against the 2020 baseline. To achieve this, we will:

- reduce emissions at source by optimizing our transport routes and ensuring more efficient use of electricity across our sites
- expand the consumption of renewable energy across our main markets
- compensate remaining, unavoidable emissions with carbon offsets.

Reporting approach

Data on refrigerants, fuels and downstream transportation is captured for markets with the highest usage of refrigerated storage and largest distribution networks. In previous years these included Cambodia, Hong Kong, Malaysia, Myanmar, New Zealand, Singapore, Thailand, Taiwan and Vietnam. In 2020, we extrapolated data for Myanmar since the political situation meant primary data collection was not conducted. Fuel usage includes CNG, LPG, diesel and gasoline for our internal fleet of delivery vehicles and back-up electricity generators. For outsourced logistics services, major suppliers provided diesel consumption data in liters from bill data. For consistency, all fuel property and carbon intensity factors were sourced from UK Government GHG Conversion Factors for Company Reporting (2020 edition). The Global Warming Potentials applied are from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period.

We collect data on electricity consumption from bills received from utility suppliers for almost all of our markets. For our US market, we have extrapolated energy data from cost data, and for our small UK market we do not report data since electricity consumption is charged through a buildings services fee. We have applied Location-Based Factors according to the following hierarchy: (i) government source (as recent as possible, by state if available), (ii) IEA 2012, (iii) nearest neighboring country. For Market-Based Factors, we applied the following hierarchy: (i) electricity supplier factor, (ii) most recent credible residual factor source (e.g. RE-DISS for European countries) and (iii) same as Location-Based Factor.

Kilometers flown data was supplied by our business travel providers for major markets including Hong Kong, Malaysia, Singapore and Thailand, and UK Government (2020) carbon factors were applied. Data was extrapolated for the remaining countries based on the available flight spend data.

We also disclose to CDP; please see our latest carbon disclosure on the CDP website for further information. CDP is an international non-profit organization that aims to establish business norms for environmental reporting and risk management. Given its relevance to both business partners and investors, DKSH has published CDP disclosures since 2016.



Target

Achieve climate neutrality in our own operations by 2030.

Reduce our carbon emissions by 35% by 2025 against our baseline in 2020.

Social

Our people



Attracting and retaining people who share our values and our purpose is crucial in our business. We offer safe, healthy workplaces and follow fair employment practices. DKSH employees follow the principles outlined in our Code of Conduct: respecting human rights and offering equal opportunities, investing in talent and supporting our people in their personal growth.

With a multinational history of more than 150 years, our very essence has long included working together across nations, cultures, creeds and other elements that make the world a diverse and exciting place. With our 4,000 clients and suppliers and our 550,000 customers across 36 markets, our diverse workforce is a critical factor to our successful service delivery.

To underline our commitment to diversity, internal equity and inclusiveness, we have recently launched our “Belonging@DKSH” initiative with three priorities.

Priorities for “Belonging@DKSH”

- Increase the representation of women in middle and senior leadership
- Increase the share of local nationals in our market leadership teams
- Strengthen employee engagement

In 2020, 51% of our workforce and 36% of our market leadership teams were women. For our approximately 200 senior-most leaders, the ratio was 27%. There are currently no women on the Executive Committee.

This is also partially due to the current and historic underrepresentation of women in the science, technology and logistics talent pools. We are committed to diversity at all levels in the organization. We have embedded diversity- and belonging-related practices into formal guidelines and have introduced education around diversity, equity and inclusion in both daily management and in hiring practices. These efforts will help us improve in all three priority areas.

Enabling personal growth and recognition

To grow our business, we also need to enable our people to grow. The diversity of our business and the industries we serve offer significant learning and development

opportunities. We emphasize hands-on experience, empowerment and stretch assignments as our primary way of developing employees. This, combined with feedback and learning from others as well as formal training from our Fantree Academy, provide a balanced development approach known as “70-20-10”.

At DKSH, we encourage our people to own their professional development. We promote internal talents whenever possible instead of hiring externally. All open positions are advertised in an internal job market and we enable internal mobility including international assignments. For management level positions, the ratio of internal promotions versus external hiring is a closely monitored performance indicator. In early 2021, DKSH launched an enhanced “HR scorecard” to enable team leaders to better monitor and manage relevant KPIs such as attrition, diversity, internal fill and managerial bench strength.

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

Training is typically delivered through online, classroom, on-the-job or external assignments. In 2020, because of the Covid-19 pandemic, we saw a significant shift to online training and postponements of in-person training programs. To increase training effectiveness, we are favoring shorter, more intense learning sessions with an emphasis on on-demand digital learning. Facilitated by our new learning management system introduced in 2019, employees can access various online and offline sessions according to their individual needs and interests.

Nearly all our 34,000 employees received at least one training in 2020. In total, they completed more than 80,000 training sessions both online and offline. This resulted in an average of three training hours each. Before the launch of the new learning management system, training was available and tracked only for a portion of our workforce. In 2019, 7,000 employees participated at Fantree Academy and received on average 12 hours of training, entirely classroom-based.

Overall, the launch of the new learning management system results in a significant increase in training reach. Whereas before, employees had access at most to a few dozen programs, there are now more than 1,000 unique learning items in the catalog. Going forward, we will further expand training reach and increasingly use a blended approach of digital learning, in-person learning and on-the-job application.

GRI 404-1

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 the employees who have most embodied our corporate values through the DKSH Fantree Awards. Individual employees or teams are encouraged to nominate colleagues at the local level. Awards are recognized and celebrated during town hall meetings and given by members of senior management. In addition to local awards, five corporate-level awards acknowledge extraordinary contributions and the winners present their success stories during a ceremony at a Board of Directors meeting.

Performance and feedback culture

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

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

Our aim is for every employee to benefit from a yearly appraisal. A more comprehensive performance review was completed for 23% percent of employees in 2020 (2019: 19%). This review includes a reflection on our values, individual targets and development plans. All decision-making with respect to appraisals, development opportunities and promotions uphold our equal opportunities commitment.

GRI 404-3

Other than via performance dialogues, DKSH encourages periodic feedback from employees via employee engagement surveys. Our Human Resources function conducted a survey in early 2021, covering more than half of the workforce, to better understand perceived strengths and weaknesses of DKSH as an employer. This survey covers all our employees with email access and the entire workforce in Thailand as our largest market. Building on the 2021 survey, follow-up surveys covering the entire workforce are planned annually.



Target

To develop our talents, we expand training reach and events with a focus on blended learning

Creating a supportive work environment

Providing a work environment that is conducive to people performing at their best includes offering relevant benefits to the workforce. DKSH provides a variety of benefits to its employees, based on applicable policies in the countries of operation. Standard benefits, with some variation by market, include life insurance, healthcare, disability and invalidity coverage, statutory retirement provision and parental leave. Benefits related to stock ownership are limited to eligible key managers of the company (Annual Report 2020, page 33). Our practices with respect to providing benefits exceed applicable legislation in many cases. In four out of ten significant locations (ref. GRI 102-4 for definition), the benefits provided to part-time and temporary employees are identical to those of permanent full-time employees, and in five other markets some of the benefits are only provided to full-time employees. In one market, no voluntary benefits are provided to part-time or temporary employees.

GRI 401-2

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

At the end of 2020, 20 percent of DKSH's employees were covered by collective bargaining agreements (2019: 24 percent).

GRI 102-41

Our commitment to respecting human rights and non-discrimination is made clear to employees through our Code of Conduct and related induction training. This includes the importance of treating all people with respect. The training materials specifically state that any form of discrimination, harassment or bullying is not acceptable. The training also encourages people to report any cases of misconduct to the site manager or to HR and emphasizes that reports will be kept confidential. Organizationally, we practice a business partnering approach whereby representatives of the HR department are stationed within operations, allowing employees to easily access their support. Integrity Line, the online reporting tool we introduced in late 2020, further enhances the avenues available to employees for confidential reporting of human rights or labor condition concerns. In 2020, no such incidents were reported to HR.

In July 2020, we launched Code of Conduct refresher training which substantially centered around human rights and workplace issues, targeting all employees. By end of 2020, 28,417 employees or 86.7% of our entire workforce had completed the training, and the remainder will complete it in 2021.

DKSH recorded no incidents of discrimination or harassment in 2020.

GRI 406-1

To ensure labor rights are fully upheld, the HR and Supply Chain Management teams in each of our key operating markets have responsibility for all hiring and for ensuring that employees and contractors have the

correct documentation. We operate management programs in line with applicable local laws and labor regulations to prevent child or forced labor, or illegal workers, and to ensure decent and safe workplaces, fair and timely pay, and adequate rest periods.

Our management approach to non-discrimination and human rights practices has focused thus far on legal compliance and governance processes, and evaluation of their effectiveness has mainly been at the local level. Although we are not aware of significant issues arising in our operations, we intend to standardize our compliance-led approach to ensure consistent operating standards in all countries where DKSH operates. We are working towards centralized oversight of this issue, with clear reporting lines to Group management. The steps towards such a more coordinated approach, which will include a human rights impact assessment, was initiated in late 2020 and we will report on progress in our 2021 report.

Sharing a moment in life

We seek to offer an attractive work environment in support of our objective of retaining our people, but we understand that some employees may seek new opportunities outside DKSH. In 2020, the overall attrition rate for the Group was 23% with a voluntary attrition of 15%. For our management levels, total attrition rate was 15%. Although our attrition rate may seem high, there are two factors to consider. Firstly, South-East Asia is a very dynamic economic region with generally higher attrition rates than, for example, European markets. Secondly, the logistics sector, which makes up a large proportion of our workforce, is particularly dynamic compared to other local industries, resulting in high attrition rates among this employment segment. Over the past years, we have successfully reduced voluntary attrition and target to do so further.

Local communities



A strong commitment to the local communities in which we operate has always been a key part of our business. We create positive impacts on society by providing stable jobs with fair employment terms and opportunities for personal development, and by setting a clear standard for how business should be conducted. Through our capillary distribution network, we enable market access for healthcare products and other necessary items across Asia. In addition, we provide ingredients and equipment to build local industries and infrastructures with our Business Units Performance Materials and Technology.

Amidst the COVID-19 pandemic, our colleagues in Business Unit Healthcare donated medical supplies to hospitals, including in Cambodia, India, Malaysia, Myanmar and Thailand. In addition, the Business Unit Performance Materials donated more than

4,000 liters of ethanol to remote hospitals across Thailand to use as disinfectant in hand sanitizers. Several teams from Business Unit Consumer Goods regularly participated in food donation programs.

Alongside our business activities, we create a positive impact by engaging in projects and selected sponsorship programs. However, as stated in our Code of Conduct, DKSH does not engage in political processes and refrains from any form of donation for political topics.

In our major Thai market, we have supported Right To Play for more than 14 years. This global organization uses the transformative power of play to educate and empower children facing adversity. In 2020, we expanded the partnership; together with Right To Play and the Liverpool FC Foundation, DKSH will establish sport and play-based sessions for disadvantaged children,

rehabilitating sports fields and organizing tournaments as well as voluntary initiatives. Through these activities, children will gain the critical life skills they need to take ownership of their future, build resilience, and engage more meaningfully with their communities and society. In early 2020 we launched this new phase of our partnership with a football and chairball tournament for 500 children.

We are also open to opportunities to offer roles to local people who have struggled to enter the workplace. For example, in Malaysia, DKSH employs 11 deaf people from the local community at the Famous Amos cookie outlets.

DKSH supported 43 local community projects. Charitable activities took place in 8 of our 10 significant markets.

GRI 413-1

Procurement practices



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

Marketing and distribution services

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

directly from our clients, which accounts for the bulk of our procurement activities.

Our goods for resale and distribution originate from a global client base headquartered in the Americas, Europe, and Asia. Contracts specify shipping and delivery terms and may vary depending on clients' locations and their fulfilment strategies. Based on agreed terms, we either organize international shipments, take over products at port, or receive deliveries directly at our distribution centers, which often also originate from sources within a country.

As enshrined in our Code of Conduct, we only engage with business partners who meet our standards of doing business. We procure goods within well-defined product categories, following ethical standards and stringent contract management procedures. Our distribution of tobacco products is very

small, accounting for less than one percent of group sales and we do not trade in arms. We respect all applicable international and local laws and regulations pertaining to trade.

Customer solutions

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

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

Manufacturing

DKSH's third largest revenue stream, albeit far smaller than marketing & distribution services and customer solutions, relates to our own manufacturing and branded activities. We have a portfolio of diversified businesses predominantly in own brands, franchising, and in-licensing. Many of our own brand activities rely on outsourcing to specialized manufacturers, or source products directly from franchisors and licensors.

Retail franchises

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

Medinova, Favorex

In our Medinova own-brand healthcare business, the selection of contract manufacturers is primarily driven by quality and capability considerations. Outsourcing partners undergo stringent due diligence procedures including environmental certifications and other requirements. Our main partner production sites in 2020 were located in Germany and Thailand.

In our Favorex in-licensing business, where we are the licensee, our supply sources are either the licensors themselves or are appointed/approved by the licensors. All supply sources must meet GMP and

WHO standards and be compliant with the Pharmaceutical Inspection Co-operation Scheme (PICS).

Consumer own brands

An important pillar in our Luxury & Lifestyle businesses is our Maurice Lacroix watch manufacture located in Switzerland. About 70% of procurement is from local suppliers. Our range of gold and fine jewelry watches is comparatively small and materials are sourced from local suppliers who must respect standards of responsible procurement (e.g. REACH regulations, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Kimberley Process Certification Scheme and Responsible Jewellery Council).

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

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

Food processing

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

Agrichemicals

Through the Axieo acquisition in Australia in 2019, DKSH now also owns a branded business in agrichemicals which are both manufactured in-house (mixing, blending) and procured from a local manufacturing plant.

Procurement for our own operation and service delivery

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

Our second largest expenditure item, selling costs, refers mainly to advertising and promotional expenses. These may include specialized media agencies, but often relate to in-store trade marketing expenses. Some expenses are incurred in the engagement of promoters (for example for product sampling) on a casual basis, providing a source of income for people with low educational background or for those preferring flexible work arrangements. Other procurement relates to general business items, such as rent, utilities, stationery and office supplies, consultancy, IT licenses and service fees. Except for some consultancy and IT license and service fees, these are incurred locally

For the local execution of our business (primarily service delivery), almost 100 percent of our procurement by spend in 2020 in significant locations of operation was from local companies.

GRI 204-1

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

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

This activity is also typically scrutinized by our clients' own Quality Assurance (QA) management.

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

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

Occupational health and safety



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

In 2020, we developed an enhanced corporate HSE-MS which references the current leading ISO 45001 / OHSAS 18001 and ISO 14001 standards and introduced it in the first quarter of 2021. Local HSE managers are tasked with ensuring that local HSE-MS are aligned to the corporate HSE-MS as applicable.

Our HSE-MS also encompasses the health and safety of contractors we appoint in support of our service delivery. To reinforce our commitment to safe practices for contractors, we released a new 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 on our sites include Working Instructions on Visitor Safety, Contractor Safety and Permit to Work (which also covers safe driving), and Contractor Guidelines.

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

Hazard management

Timely and proper hazard identification and proactive management of health and safety risks is essential for a safe working environment. Hazard identification and risk assessments are performed on both a routine (e.g. scheduled assessments, audits and checks) and non-routine basis (e.g. new legal requirements, changes to systems, equipment or materials), and include abnormal and/or emergency situations (e.g. incidents / accidents, breakdown, maintenance, fire emergency, chemical spills, etc.). The assessments follow the applicable Standard Operating Procedure and Guidelines, and the process is overseen by appropriately qualified Country HSE personnel in close collaboration with risk owners and cross-functional stakeholders.

The overall objective is to ensure timely identification of hazards and risks and implement control and recovery measures to reduce health and safety risks to as low as reasonably practicable (ALARP).

Governed by our policy and HSE-MS, all employees and workers are required to quickly report any hazards or risks they identify to their line management. All accidents, incidents and near misses must also be promptly reported to line management to ensure timely investigation and corrective action. Employees and workers are obliged to stay alert to potential health and safety incidents at the workplace, and are empowered to work with line management towards establishing and applying the hierarchy of controls based upon 'E-SEAP' (i.e. Eliminating the hazard, Substituting the hazardous with less-hazardous, Engineering controls, Administrative controls and PPE). Employees and workers are also empowered

to avoid and remove themselves from potentially harmful situations as necessary and 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 H&S grounds.

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

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

Employee engagement and training

Employee and worker participation, consultation, and communication activities are mostly conducted via local workshops and engagement sessions on occupational H&S. Employees and workers are encouraged to provide input and feedback on constructive improvements towards supporting health and safety standards in the workplace. Extra awareness sessions may be convened shortly after an incident or accident. Our employees and workers can also approach their line managers and local HSE team at any time to report dangers and risks.

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

DKSH countries run local campaigns designed to promote health and safety awareness among employees and other workers. In 2020, most DKSH countries focused on COVID-19 awareness and prevention, as well as general health and safety related to working from home. We also hold dialogue events, information days, courses and training for employees and other workers to regularly inform our employees about current health topics.

Addressing impacts in the supply chain

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

GRI 403-1 to GRI 403-7

2020 performance

In 2020 our workplace safety was audited by key clients, customers, standards boards and regulatory bodies, plus our internal Supply Chain Management and HSE teams. Key hazards we identified and addressed during 2020 mainly consisted of improper behaviors at operational level relating to operating forklifts and powered equipment; stacking of loads and storage of materials; manual lifting and/or handling; unsafe driving on roads; and the risk of exposure to potentially dangerous goods and hazardous substances. Actions taken to manage these risks include engineering and administrative controls, additional training, and the provision of personal protective equipment.

Despite all the leading measures we have put in place, we were saddened by the passing of a fellow colleague who lost his life in a road accident in 2020 while working for DKSH in Thailand. Our employee lost control of the delivery van he was driving under adverse weather conditions (poor visibility, slippery road). DKSH supported the family of the deceased by contributing to funeral costs and providing a compensation fund. No other incidents of high-consequence work-related injury were recorded for the year.

The incident increased awareness on the importance of safe driving and triggered road safety refresher trainings, recurring communication and sharing sessions, consequence management on road safety violations, management reviews of road safety performance, and increased vehicle inspections.

Work-related injuries

	Number		Rate ¹	
	2019	2020	2019	2020
Employees				
Fatalities from work-related injuries	1	1	0.02	0.01
High-consequence work-related injuries	0	0	0	0
Recordable work-related injuries	46	49	0.8	0.7
Number of hours worked (in million)	54.5	68.9	-	-

	Number		Rate ¹	
	2019	2020	2019	2020
Workers (all, no exclusions)				
Fatalities from work-related injuries	1	0	0.1	0
High-consequence work-related injuries	0	0	0	0
Recordable work-related injuries	16	9	1.6	0.6
Number of hours worked (in million)	10.3	14.1	-	-

¹ per 1,000,000 hours worked

Main types of work-related injuries

Types of injury	Employees		Other workers	
	2019	2020	2019	2020
No. of First Aid injuries	23	45	14	10
No. of Medical treatment beyond first aid	6	6	5	1
No. of Job restrictions or transfers	4	2	1	0
No. of Lost time injuries	35	40	9	8
No. of Fatalities	1	1	1	0

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

GRI 403-9

Governance

Economic performance



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

The economic value that we generate benefits our stakeholders, such as providing returns and dividends for our shareholders, salaries for our employees and tax payments to local governments. DKSH also supports a diverse range of smaller community-based charities which directly address local needs.

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

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

DKSH has a Group Tax Policy in place, which is reviewed annually by the CFO and Head of Tax. The policy is approved by the Board of Directors and any proposed amendments are subject to the Board’s approval.

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

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

GRI 201-1 data: see more on page 52 in Appendix

Market presence



DKSH distributes clients' products in local markets, particularly in Asia Pacific. Our in-depth knowledge of these markets is a key part of the value we bring to our clients, who often do not have a local presence. An important part of our service offering is our market coverage via a capillary distribution network, serving customers wherever they are located. In the last few years, we have made several acquisitions to expand our operations across the Pacific region. We have therefore increased the number of markets with significant operations from nine to ten as our Australian business grew in importance and above the 500 specialists threshold.

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

Therefore, our diverse management teams represent various cultures and backgrounds. This aligns well with the requirements of the business and with DKSH serving as a bridge between international clients and local customers. Our nearly 34,000 DKSH employees cover 75 nationalities, meaning that we speak the language and understand the culture of our business partners in the 36 markets we operate in. In 2020, 73% of our market leadership teams were locals. Within our markets with significant operations, 65% of all senior managers were hired from the host country, with "senior" referring to managers in corporate, regional or local management roles. Local management roles include first- and second-line managers (2019: 60%).

DKSH defines significant operations as all markets with more than 500 employees. This includes the ten markets of Australia, Cambodia, Hong Kong, Indonesia, Malaysia, Myanmar, Singapore, Taiwan, Thailand and Vietnam.
GRI 102-4

In 2020, 65 percent of local senior managers in our markets with significant operations had been hired from local communities.
GRI 202-2

Anti-corruption



At DKSH, we are committed to acting with integrity and conducting our business in an ethical manner. We do not tolerate any form of corruption and have formalized our approach in our DKSH Code of Conduct and our Anti-Bribery and Anti-Corruption (ABAC) policy.

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

DKSH Holding Ltd.'s Board of Directors is responsible for adopting the Group's compliance standards and policies and supervising their application. In tandem with local

governance bodies, the senior leadership plays a pivotal role in communicating our values both by word and by example. This includes DKSH's Executive Committee at Group Level (ref. DKSH's 2020 Annual Report, page 22-25) as well as the Boards of our publicly listed entities in Malaysia and Indonesia, and all our local Country Management Teams.

In 2020, 100 percent of governance body members were aware of DKSH's anti-corruption policies and had completed anti-corruption training.
GRI 205-2a-d

Compliance program

Fraud and embezzlement are risks faced by most organizations and are also recognized by DKSH as risks to be actively monitored and managed. As an organization operating

in markets and industries where inducements in the form of gifts, hospitality or other formats are not uncommon, the active management of bribery risks features high on our corporate agenda.

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

- 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)
- Non-Trade Procurement (NTP) policy

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

In 2018, we launched an enhanced bribery risk assessment process¹ for deployment across all our markets, with prioritization based on country scores in Transparency International’s Corruption Perception Index (CPI). By the end of 2020, 12 of our markets (40%) had adopted our risk assessment process, representing 90% of our significant operations and 100% of operations located in territories exposed to higher risks as per the CPI rating. (Note: Following M&A activities completed in 2020, our Australian operation is now classed as significant; the risk assessment process there is ongoing. We expect 100% of our significant markets to have adopted our risk assessment process by the end of 2021).

Risks are identified based on detailed process mapping. Risk levels are determined by applying the Group’s Risk Management policy and procedures, and appropriate controls are assigned. For example, the use of intermediaries in business transactions potentially increases the risk of bribery; controls include due diligence requirements for either standard or enhanced procedures depending on the assigned risk levels.

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

GRI 205-1

In addition to risk assessments, the execution of our compliance program includes training, education, reviews and audits, as well as investigations and corrective actions in the event of incidents arising. In mid-2020, we reinforced our compliance program by launching a new corporate policy

and associated procedures pertaining to disclosure and management of conflicts of interest (COI). This policy was introduced with the support of an online training module, which included the requirement for employees to declare any actual, potential, or perceived COI upon training completion, and thereafter whenever such issues arise during their employment with DKSH. COI checks are carried out as part of the recruitment process, and both the training and COI declaration are now mandatory for all new employees during induction and onboarding. The training is also being rolled out to a target group of existing employees, including all management level employees and those with potential exposure to COI situations based on their role. By the end of 2020, 11,116 employees out of a target group of 13,157 employees (i.e. 84.5%) had completed COI training. Moreover, a declaration and approval procedure was set for all Executive Committee members for any engagement outside of DKSH.

¹ Based on “Diagnosing Bribery Risk”, Guidance for the Conduct of Effective Bribery Risk Assessment, Transparency International UK

Region	Total governance body members
Thailand	13
Greater China*	19
Malaysia and Singapore	22
Rest of Asia Pacific	85
Rest of the World	49
Total	188

* Includes mainland China, Hong Kong, Macau and Taiwan

Training and communication are important cornerstones of our compliance program and are instrumental in driving and maintaining a culture of ethics and compliance. All new employees undergo thorough onboarding procedures upon joining our organization, with Code of Conduct training setting the foundation. Periodically, all employees are required to refresh their knowledge of DKSH's anti-corruption policies. Our 2020 training focus, alongside COI training, was a Code of Conduct refresher, with eleven local language versions of the online training released in a phased approach. Small pockets of employees within our organization not able to follow any these eleven languages as well as English undergo in-person training delivered by our HR function. By December, 28,417 employees or 86.7% of our entire workforce had completed the refresher training. Training completion for local modules launched later in the year continued into the first quarter of 2021, and data will be included in our next GRI Report.

GRI 205-2e

Ethics in the medical sector

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

Integrity along our supply chain

As an outsourcing partner to our clients, we are committed to upholding integrity in the supply chain within our sphere of influence. This includes our business partners, for example customs brokers, event organizers and forwarding companies, whom we rely on for parts of our service delivery. DKSH does not maintain relationships with business partners that do not share our values or meet our standards for doing business. Business partners are engaged based on written service contracts that include anti-corruption compliance clauses, with both our Supplier Code of Conduct and the ABAC policy serving as contractual requirements.

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

GRI 205-2c

New helpline launched

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

The Integrity Line went live in the latter part of the year which means that we are not able to provide full year data on the incidents reported through this system, although we intend to include this from 2021. A few, comparatively minor incidents of non-compliance with our Code of Conduct were reported, via the Integrity Line and other channels, and led to disciplinary action, including dismissals. No public legal cases regarding corruption or other issues have been brought against the organization or its employees during the reporting period.

GRI 205-3

Effectiveness of the compliance program

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

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

Customer health and safety



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

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

certification (e.g. ISO 9001 and ISO 13485). Any issues with product safety are handled under stringent pharmacovigilance procedures by our regulatory affairs specialists.

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

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

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

Our operations are frequently audited by our clients or their appointed auditors to ensure that storage and handling of products meets their expected standards. Due to the sensitivity of the products, most of these audits occur in the Healthcare business. In 2020, 82 such audits took place. The number was lower than in previous years due to COVID-19 and related travel restrictions and lockdowns (2019: 117 audits).

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

Against the backdrop of hundreds of thousands of products handled, DKSH recorded five incidents of non-compliance concerning health and safety impacts of products and services in 2020. Three incidents related to correct documentation for import procedures, one incident to test stripes used in the sealing process and one was a product recall for light switches. All incidents were swiftly addressed based on established internal procedures and in alignment with our suppliers.

GRI 416-2

Marketing and labeling



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

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

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

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

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

In 2020, DKSH recorded one incident regarding marketing and labeling practices, which resulted in a letter from Chinese authorities regarding wording for advertising in a social media chat. Remedy action was taken immediately and local teams reminded of relevant guidelines.

GRI 417-3

Industry-specific risks in the healthcare business

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

Information security



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

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

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

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

We train our staff on various topics relating to information security with a mandatory course once per year. More than 8,000 employees who use IT in their work completed an online IT security awareness training and passed the accompanying test (2019: more than 7,000 employees).

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

In 2018, DKSH achieved ISO 27001:2013 certification of the Corporate Shared Services Center SAP Infrastructure on information security management. Following the certification, DKSH conducted several surveillance audits to ensure process adherence. The second successful surveillance audit took place in 2020. As part of the continuous improvement of the company's IT landscape, IT applications will also be certified to ISO27001:2013. The gap analysis and necessary measures have been conducted and DKSH aims to achieve certification in 2021. Our quality assurance team ensures that the required standards are maintained on an ongoing basis.

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

As in previous years, DKSH received no complaints related to data breaches of customer privacy and loss of customer data from outside parties or regulatory bodies in 2020. Similarly, DKSH is not aware of any identified leaks, thefts, or losses of customer data

GRI 418-1

Appendix

Value generation

		2019	2020
		in CHF millions	in CHF millions
Direct economic value generated	Revenues	11,613	10,789
Economic value distributed	Operating costs	(10,658)	(9,825)
	Employee wages and benefits	(688)	(696)
	Payments to providers of capital	(155)	(165)
	Payments to governments (taxation)	(60)	(58)
Economic value retained	Direct economic value generated – economic value distributed	53	45

GRI 201-1

Stakeholder engagement

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

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

DKSH engages with the identified stakeholder groups as follows:

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

GRI 102-40, 102-42 to 102-44

Further details about our employees

All disclosures in this Statement relating to employee numbers are based on head-count, rather than full-time equivalents.

This contrasts with the data reported in our Annual Reports, but we believe it is more appropriate for Sustainability reporting purposes. All data was extracted from DKSH's SAP HRIS system.

GRI 102-8

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

Gender	Permanent	% of total	Temporary	% of total	Total
Female	16,520	92.0%	1,477	8.0%	17,997
Male	15,576	98.0%	358	2.0%	15,934
Total	32,096	100.0%	1,835		33,931

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

Region	Permanent	% of total	Temporary	% of total	Total
Thailand	10,653	97.0%	374	3.0%	11,027
Greater China*	2,646	98.0%	48	2.0%	2,691
Malaysia and Singapore	5,494	100.0%	12	0.0%	5,506
Rest of Asia Pacific	12,855	90.0%	1,396	10.0%	14,251
Rest of the World	451	99.0%	5	1.0%	456
Total	32,096	100.0%	1,835		33,931

* Includes mainland China, Hong Kong, Macau and Taiwan

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	16,275	90.0%	1,722	10.0%	17,997
Male	15,065	95.0%	869	5.0%	15,934
Total	31,340	100.0%	2,591		33,931

Membership of associations

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

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

GRI 102-13

Market	Name of association or advocacy organization
Switzerland	scienceindustries
	Business Association Chemistry Pharma Life Sciences
	vips - Association of Pharmaceutical Companies in Switzerland
Germany	VCH Verband Chemiehandel e.V.
Spain	Spanish Chemicals Distributors Association AECQ
	AFCA (Asociación de Fabricantes y Comercializadores de Aditivos y Complementos Alimentarios)
	SEQC (Sociedad Española de Químicos Cosméticos)
France	Centre Européen de Dermocométologie (CED)
	Union Française du Commerce Chimique (UFCC)
	France Chimie Auvergne-Rhône-Alpes
Hong Kong	Hong Kong Association of Pharmaceutical Industry
Japan	Swiss Chamber of Commerce and Industry in Japan
	German Chamber of Commerce and Industry in Japan
	The Tokyo Chamber of Commerce and Industry
Myanmar	Myanmar Cosmetic Association
	Myanmar Chamber of Commerce for Pharmaceutical and Medical Device
	Union of Myanmar Federation of Chamber of Commerce & Industries

Market	Name of association or advocacy organization
Malaysia	Malaysian Retailers-Chains Association (MRCA)
	Pharmaceutical Association of Malaysia
	Malaysian Animal Health and Nutrition Industries Association
	Malaysia International Chamber of Commerce and Industry (MICCI)
	Malaysian Employers Federation (MEF)
	Federation of Malaysian Manufacturers (FMM)
	Malaysian Electrical Appliances Distributors Association (MEADA)
Malaysia Medical Device Association	
New Zealand	Food and Grocery Council
Philippines	Philippine Swiss Business Council
Singapore	Singapore International Chamber of Commerce
	Singapore Business Federation
	Singapore Association of Pharmaceutical Industries (SAPI)
Thailand	Pharmaceutical Research & Manufactures Association (PReMA)
	Thai Medical Device Technology Industry Association (THAIMED)
	Thai Cosmetic Manufacturers Association (TCMA)
	Thai Retailers Association (TRA)
	GS1 Thailand, The Federation of Thai Industries
	Health Food Supplement Association (HSFA)
	Cosmetics Industry Association
	Thai Self-Medication Industry Association
	Regulatory Affairs Pharmacy Association (Thailand) - RAPAT
Taiwan	International Research-Base Pharmaceutical Manufacturers Association (IRPMA)
	Taipei Medical Instruments Commercial Association
	Taipei Pharmaceutical Agents and Distributors Association
	Taipei Pharmaceutical Business Association
	Taipei Instruments Commercial Association
	Taipei Machinery Traders' Association
	Taiwan Chain Stores and Franchise Association
	Taiwan Pharmaceutical Marketing & Management Association
	Taiwan Advanced Medical Technology Association
	Taiwan Cold Chain Association
Vietnam	European Chamber of Commerce in Vietnam
	American Chamber of Commerce

GRI Standards and Disclosures

GRI Content Index

About this report

DKSH's third report, released in June 2021, prepared in accordance with the Global Reporting Initiative (GRI) Standards "Core option" offers a review of the Group's sustainability efforts. It outlines our progress over the past year and shows important areas of action for the future.

If you have any feedback or need further information on our sustainability approach, please contact sustainability@dksh.com.

Abbreviations:

AR = Annual Report

CB = Corporate Brochure

CoC = Code of Conduct

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

GRI standards and disclosures		References	Omissions
GRI 101	Foundation (2016)		
GRI 102	General Disclosures (2016), Core option		
GRI 102-1	Name of the organization	AR 2020, p. 7	
GRI 102-2	Activities, brands, products and services	CB 2021, p. 14-16	
GRI 102-3	Location of headquarters	AR 2020 p. 7	
GRI 102-4	Location of operations	p. 41	
GRI 102-5	Ownership and legal form	AR 2020, p. 7-8	
GRI 102-6	Markets served	CB 2021, p. 14-16, 40	
GRI 102-7	Scale of operations	AR 2020, p. 4-5, 100-101 CB 2021, p. 40	
GRI 102-8	Information on employees and other workers	p. 54	
GRI 102-9	Supply chain	CB 2021, p. 14-16	
GRI 102-10	Significant changes to the organization and its supply chain	AR 2020, p. 40-42	
GRI 102-11	Precautionary principle or approach	DKSH takes a risk-based approach to managing its operations and supply chain. Although most of the products we distribute have been developed by our clients, we run a product stewardship program covering activities such as storage, labeling, packaging and arranging transportation, and our tracking systems ensure that any issues can be quickly traced back to the source. Regular auditing is in place to ensure product safety and that operations are being run in accordance with our environmental policies.	

GRI standards and disclosures		References	Omissions
GRI 102-12	External initiatives	p. 11-12, 55	
GRI 102-13	Membership of associations	p. 55-56	
GRI 102-14	Statement from senior decision-maker	p. 2	
GRI 102-16	Values, principles, standards and norms of behavior	p. 5, 14-21 CoC, p. 1-6	
GRI 102-18	Governance structure	p.13 AR 2020, p. 7-28	
GRI 102-40	List of stakeholder groups	p. 22, 53	
GRI 102-41	Collective bargaining agreements	p. 30	
GRI 102-42	Identifying and selecting stakeholder	p. 22, 53	
GRI 102-43	Approach to stakeholder engagement	p. 22, 53	
GRI 102-44	Key topics and concerns raised	p. 22, 53	
GRI 102-45	Entities included in the consolidated financial accounts	AR 2020, p. 100-101	
GRI 102-46	Defining report content and topic boundaries	p. 22	
GRI 102-47	List of material topics	p. 22	
GRI 102-48	Restatement of information	No restatement	
GRI 102-49	Changes in reporting	There have been no major changes in the material issues we report on between 2018 and 2020.	
GRI 102-50	Reporting period	Calendar year 2020	
GRI 102-51	Date of most recent report	Published 2021, relating to calendar year 2020	
GRI 102-52	Reporting cycle	We intend to update the report on a yearly basis.	
GRI 102-53	Contact point for questions regarding the report	sustainability@dksh.com	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
GRI 102-55	GRI content index	p. 58-62	
GRI 102-56	External assurance	p. 64-65	

GRI standards and disclosures		References	Omissions
Economic			
GRI 201	Economic performance (2016)		
GRI 103	Management approach (2016)	p. 40	
GRI 201-1	Direct economic value generated and distributed	p. 52	
GRI 202	Market presence (2016)		
GRI 103	Management approach (2016)	p. 41	
GRI 202-2	Proportion of senior management hired from the local community	p. 41	
GRI 204	Procurement practices (2016)		
GRI 103	Management approach (2016)	p. 32-34	
GRI 204-1	Proportion of spending on local suppliers	p. 34	
GRI 205	Anti-Corruption (2016)		
GRI 103	Management approach (2016)	p. 42-44	
GRI 205-2	Communication and training about anti-corruption policies and procedures	p. 42-44	
Environment			
GRI 103	Management approach (2016)	p. 24-26	
GRI 302	Emissions (2016)		
GRI 302-1	Energy consumption within the organization	p. 25	
GRI 305	Energy (2016)		
GRI 305-1	Direct (scope 1) GHG emissions	p. 25	
GRI 305-2	Indirect (scope 2) emissions	p. 25	
GRI 305-3	Other indirect (scope 3) emissions	p. 25	
GRI 307	Environmental compliance (2016)		
GRI 307-1	Non-compliance with environmental laws and regulations	p. 24	

GRI standards and disclosures		References	Omissions
Social			
GRI 401	Recruitment and retention (2016)		
GRI 103	Management approach (2016)	p. 28-30	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 30	
GRI 403	Occupational health and safety (2018)		
GRI 103	Management approach (2016)	p. 35-37	
GRI 403-9	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	p. 38	
GRI 404	Training and education (2016)		
GRI 103	Management approach (2016)	p. 28-30	
GRI 404-1	Average hours of training per year per employee	p. 29	We do not report this data separately by gender or employee category; however, our equal opportunity policies apply to the availability of training and development opportunities.
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	p. 29	Information is currently unavailable according to employee categories.
GRI 406	Non-discrimination (2016)		
GRI 103	Management approach (2016)	p. 29-31	
GRI 406-1	Incidents of discrimination and corrective actions taken	p. 31	
GRI 407	Freedom of association and collective bargaining (2016)		
GRI 103	Management approach (2016)	p. 28-30	
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 30	
GRI 408	Child labor (2016)		
GRI 103	Management approach (2016)	p. 28-30	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	p. 30	Although we operate in countries which are frequently ranked as having a higher risk of human rights issues on international ratings, we have not identified any specific risks affecting our operations or supply chain in 2020. In 2021 we intend to roll out a company-wide training on the Code of Conduct, which includes human rights and issues such as forced labor and child labor, and we will remind all staff to remain vigilant and report any concerns through the channels outlined in our Code of Conduct.

GRI standards and disclosures		References	Omissions
GRI 409	Forced or compulsory labor (2016)		
GRI 103	Management approach (2016)	p. 28-30	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 30	Although we operate in countries which are frequently ranked as having a higher risk of human rights issues on international ratings, we have not identified any specific risks affecting our operations or supply chain in 2020. In 2021 we intend to roll out a company-wide training on the Code of Conduct, which includes human rights and issues such as forced labor and child labor, and we will remind all staff to remain vigilant and report any concerns through the channels outlined in our Code of Conduct.
GRI 412	Human rights assessment (2016)		
GRI 103	Management approach (2016)	p. 28-30	
GRI 412-2	Employee training on human rights policies and procedures	p. 30	
GRI 413	Local communities (2016)		
GRI 103	Management approach (2016)	p. 31	
GRI 413-1	Operations with local community engagement, impact assessment and development programs	p. 31	
GRI 416	Customer health and safety (2016)		
GRI 103	Management approach (2016)	p. 45-46	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 46	
GRI 417	Marketing and labeling (2016)		
GRI 103	Management approach (2016)	p. 47-48	
GRI 417-3	Incidents of non-compliance concerning marketing communications	p. 48	
GRI 418	Customer privacy (2016)		
GRI 103	Management approach (2016)	p. 49-50	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 50	

Assurance report



VERIFICATION STATEMENT

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in the period 01/01/2020 – 31/12/2020 for

DKSH Management Ltd.

Wiesenstrasse 8, 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:

4,970 t CO₂e (Scope 1 emissions)

52,906 t CO₂e (Scope 2; gross location-based emissions for electricity)

83,914 t CO₂e (Scope 3 emissions)

FOR THE FOLLOWING ACTIVITIES

Logistic and office services of DKSH worldwide.

SCOPE

SGS has been contracted by DKSH Management Ltd (hereinafter referred to as “DKSH”) for the verification of direct and indirect carbon dioxide (CO₂) equivalent emissions as provided by DKSH as displayed in their GHG Assertion in the form of Corporate Responsibility Report 2020. (<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 01/01/2020 – 31/12/2020.

SGS conducted a third-party verification following the requirements of ISAE 3000 of the provided CO₂ equivalent assertion in March 2021. 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 12/01/2021.

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 CO₂ 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 CO₂ equivalent assertion were historical in nature and proven by evidence.

STATEMENT OF INDEPENDENCE

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

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

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

- organizational boundary was established following the operational control approach.
- Activities: Infrastructure for logistic services
- Location/boundary of the activities: worldwide
- Physical infrastructure, activities, technologies and processes of the organization: warehouse, office and administration, transportation
- GHG sources, sinks and/or reservoirs included:
 - Scope 1 - stationary combustion from emergency generators, mobile combustion of own fleet, fugitive emissions of cooling agents;
 - Scope 2 – purchased electricity;
 - Scope 3 – emissions related to fuel consumption in connection with logistics activities by outsourced external transportation service providers, for nine major markets, accounting for more than 85% of DKSH's total net sales; Emissions from air travel for business purposes by all employees worldwide
- Types of GHGs included: CO₂, N₂O, CH₄ and HFCs.
- GHG information for the following period was verified: 01/01/2020 – 31/12/2020
- 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 CO₂ equivalent emissions are as declared by the organization's CO₂ 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 01/01/2020 – 31/12/2020 disclosing Scope 1 and 2 emissions of 57,857 metric tonnes CO₂ 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 83,914 tonnes of CO₂ equivalent from Scope 3 sources were verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria.

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO₂ equivalent assertion is not materially correct and is not a fair representation of the CO₂ equivalent data and information.

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



Daniel Aegerter
Lead Auditor



Roland Furrer
Manager Climate Change Services

Zurich, June 8th, 2021

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