

## Responsible Procurement

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**1 Introduction**

This Responsible Procurement Policy (“RPP”) enhances our Sustainability Policy and underpins DKSH’s commitment to conducting its business in a responsible and sustainable manner. It communicates associated principles, standards, and practices to be applied throughout the DKSH Group, in alignment with our corporate values and beliefs, reflecting by reference the following:

- Regulatory requirements, including Swiss Regulations on transparency in non-financial matters and associated due diligence requirements, and any other applicable laws and regulations in our markets; as well as
- Universal and multilateral standards or rulesets, specifically the
  - United Nations Global Compact (UNGC), the
  - OECD Guidelines for Multinational Enterprises and associated Due Diligence Guidelines for Responsible Business Conduct and Responsible Supply Chains for Conflict Minerals, and the
  - International Labor Organization’s Declaration on Fundamental Principles and Rights at Work

**2 Definitions**

For the interpretation of this RPP, the following definitions shall apply (in alphabetical order; plural includes the singular form and vice versa):

Child Labor	Refers to child labor pursuant to Swiss Regulations and international standards
Client	Is a company for whom DKSH provides marketing and/or distribution services under contractually agreed terms and conditions
Conflict Areas	Refers to areas in a state of armed conflict or fragile post-conflict as well as areas witnessing weak or non-existent governance and security, such as failed states, and in which there are widespread and systematic violations of international law, including human rights abuses.
Conflict Minerals	Refers to a list of minerals and metals (including by-products) and their origins pursuant to Swiss Regulations (see Appendix 1)
Procurement	Refers to the totality of DKSH’s purchasing activities for goods and/or services from non-DKSH parties
Supplier	Refers to any external party who is not a Client and who provides goods or services to DKSH
Supplier Category	Refers to a grouping of Suppliers in relation to the similarity of the type of goods or services they provide
Supply Chain	Refers to a range of activities carried out by entities upstream from an organization, which provide products or services that are used in the development of an organization’s own products or services
Swiss Regulations	Refers to applicable laws and regulations in Switzerland on transparency in non-financial matters and associated due diligence requirements including the Swiss Code of Obligations and the Ordinance on Due Diligence Obligations and Transparency relating to Minerals and Metals from Conflict Areas and Child Labor

### 3 Scope

This RPP outlines the principles and practices how DKSH addresses business risks in its Supply Chain in a sustainability context. It encompasses all Procurement activities of DKSH in relation to its product and service offerings and applies to the DKSH Group of companies (“DKSH”), its personnel, its joint ventures (unless specifically excluded by agreement) as well as any other company or personnel managed or controlled by DKSH.

### 4 Responsible Procurement

DKSH’s business is guided by the following principles and standards pertaining to ethics, human rights, working conditions and environmental stewardship:

- We conduct our business in a lawful and ethical manner, compete fairly in the marketplace and do not tolerate any form of bribery and corruption
- We treat all our people equally and with fairness, dignity, and respect, and seek to offer safe workplaces free of discrimination or harassment
- All work is conducted on voluntary basis and on freely agreed, and documented terms of employment, based on fair pay and reasonable working hours
- We do not tolerate Child Labor in any form and fully embrace ILO Conventions No. 138 and 182
- We take appropriate measures to protect the health and safety of our people at work and anyone else working on or visiting our premises
- We expect our people to speak up and voice concerns or grievances and ensure access to fair procedures and remedies
- All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively
- We do not procure minerals or metals from Conflict Areas, and support industry standards or other initiatives on responsible business practices, specifically in certain product categories we operate in deemed to be at higher environmental and/or social risks, such as for example textiles or palm oil
- We operate an environmental management system geared towards preventing or mitigating adverse impacts caused or contributed by us, including our CO<sub>2</sub> footprint and its effect on climate change
- We diligently select third parties that we appoint to act for and on our behalf (“Third-Party Intermediaries”) to ensure that they adhere to our principles and standards of responsible business conduct

We are committed to supporting our business relationships in DKSH’s Supply Chain to meet these principles and standards and to conduct their business with us in a responsible manner, as further specified herein below.

#### 4.1 Clients

DKSH seeks to enter and maintain relationships with Clients who share similar values and beliefs, striving to operate their business responsibly, and will seek corresponding assurance in commercial agreements governing the relationship. DKSH reserves its rights to turn down business opportunities with prospective Clients on concerns over conflicts with the principles and standards as outlined under 4. above.

Whenever appropriate and relevant, we shall engage with existing Clients upon concerns that responsible business conduct may be compromised, to establish whether such concerns are unfounded, remedial actions by Clients will be undertaken, or whether a disengagement shall be considered.

#### **4.2 Suppliers**

DKSH assesses new Suppliers and monitors active Suppliers for risks or concerns pertaining to ethical business conduct, bribery and corruption, environmental practices, labor conditions as well as human rights. The assessment encompasses adequate screening and due diligence procedures and enhances processes and procedures applicable pursuant to DKSH's standards on Non-Trade Procurement (NTP) and Third-Party Intermediaries (TPI).

DKSH reserves its rights to turn down business opportunities with prospective Suppliers on concerns of conflicts with the principles and standards as outlined above.

DKSH will follow up on concerns arising with active Suppliers and in justified cases will seek an understanding with Suppliers on corrective action plans. In severe cases or where remediation is not likely to be resulting in satisfactory outcomes, DKSH will seek disengagement on the principle that we do not do business with Suppliers that do not meet DKSH's expectations on responsible business practices.

##### **4.2.1 Supplier qualification**

DKSH assesses Suppliers in terms of their conformity with DKSH's standards of doing business, via an assessment and qualification procedure.

Suppliers are categorized based on the nature of business they do with DKSH, and the respective categories are assessed and rated on likely impacts in relation to environmental, social, or governance themes material to DKSH, including considerations for industry-specific as well as market-based factors (for example Child Labor, modern slavery, or anti-corruption indices), applying recognized standards and certification systems.

Supplier Categories and Suppliers assessed at a higher risk profile are prioritized for further screening and verification. Any concerns arising from such verification shall be directly taken up with Suppliers and brought to satisfactory resolution or, alternatively, to a Supplier disqualification.

For lasting Supplier relationships, DKSH maintains a process of monitoring Supplier business conduct on an ongoing basis.

##### **4.2.2 Supplier commitment**

Where reasonable and proportionate, given the nature and frequency of business transactions, DKSH will seek corresponding commitments by Suppliers to responsible business conduct, as outlined above. Such commitment shall provide DKSH with the right to conduct audits and to terminate Suppliers if DKSH's expectations are not met and Suppliers are unwilling or unable to present a satisfactory remedial action plan.

#### **5 Specific procurement risks**

##### **5.1 Minerals and Metals from Conflict Areas ("Conflict Minerals")**

DKSH generally does not procure for processing or otherwise trade in minerals or metals as identified by Appendix 1. Any exceptions require notification to Group Compliance (GRC) and will set in motion a review and approval procedure. If such review raises concerns on minerals or metals potentially originating from Conflict Areas, due diligence in accordance with requirements pursuant to applicable

Swiss Regulations shall be performed, including but not limited to information gathering from public authorities, international organizations and civil society, consultation of experts or commissioning audits.

GRC in collaboration with Group Supply Chain (SCM) orchestrates at least annual conformity checks (tariff code checks as per Appendix 1 on all procurement activities by DKSH), to verify internal compliance with notification and review requirements pursuant to applicable Swiss Regulations. Any imports noted but not notified to GRC shall be investigated, to establish that the minerals and metals do not originate from a Conflict Area, including a documentation of this finding. Where investigations return a positive result, adequate corrective action shall be taken.

DKSH procures and resells a vast array of trading goods and cannot control or rule out that such goods unknowingly contain Conflict Minerals. To mitigate the potential occurrence of Conflict Minerals in trading goods, DKSH applies contractual safeguards and assurances as reasonably applicable and enforceable in its Supply Chain, apart from subjecting the respective Supplier categories to risk screening.

Reasonable suspicion of Conflict Minerals to be contained in trading goods procured by DKSH shall be investigated and appropriate action shall be taken, up to and including a discontinuation of business relationships.

## **5.2 Child Labor**

DKSH does not tolerate any form of Child Labor and aims not to source or offer products or services that are produced or provided using Child Labor. Any suspicion of the use of Child Labor requires notification to Group Compliance (GRC) and will set in motion a review procedure. If based on such review, there are no reasonable grounds to suspect Child Labor, this finding shall be documented. If such review raises reasonable grounds to suspect the use of Child Labor, due diligence and reporting obligations in accordance with requirements pursuant to applicable Swiss Regulations shall be performed, and appropriate action shall be taken, up to and including a discontinuation of business relationships. Reasonable grounds for suspicion are deemed to exist if the suspicion results from findings based on specific evidence or multiple indications, and this suspicion cannot be dispelled despite further clarifications.

Particular attention shall be paid to products or services that are produced or provided in countries with an *enhanced* or *heightened* risk of using Child Labor as defined in Appendix 2.

## **6 Raising concerns or grievances**

DKSH expects Suppliers to timely self-disclose to DKSH adverse events that may or will affect DKSH's business and/or reputation. Suppliers may also raise concerns they have over DKSH's business conduct, and specifically over incorrect or unethical treatment by DKSH personnel.

Moreover, DKSH encourages reporting by any concerned party over Supplier business conduct.

DKSH favors reporting via its IntegrityLine reporting system (<https://dksh.integrityline.org>).

**Appendix 1 – Minerals and metals subjected to review and approval**
**Part A. Minerals**

Name	Tariff number.
Tin ores and concentrates	2609 00 00
Tungsten ores and concentrates	2611 00 00
Tantalum ores or niobium ores and their concentrates	ex 2615 90 00
Gold ores and concentrates	ex 2616 90 00
Gold in unwrought, semi-manufactured or powder form	ex 7108

**Part B. Metals**

Name	Tariff number
Tungsten oxides and hydroxides	ex 2825 90 00
Tin oxides and hydroxides	ex 2825 90 00
Tin chloride	ex 2827 39 90
Tungstates	2841 80 00
Tantalates	ex 2841 90 90
Tungsten carbides	ex 2849 90 00
Tantalum carbides	ex 2849 90 00
Gold, in unwrought, semi-manufactured or powder form	ex 7108
Ferro-tungsten and ferro-silico-tungsten	7202 80 00
Tin, in unwrought form	8001
Tin, as rods, profiles and wire	8003
Tin, other goods	8007
Tungsten, in powder form	8101 10 00
Tungsten unwrought, including only sintered bars and rods	8101 94 00
Tungsten, as wire	8101 96 00
Other semi-manufactures and articles of tungsten	8101 99 00
Tantalum unwrought, including only sintered bars and rods and in powder form	8103 20 00
Other semi-manufactures and articles of tantalum	8103 90 00

**Appendix 2 – Risk of countries using Child Labor<sup>1</sup>**

Country	Index score <sup>2</sup>	Risk	Country	Index score <sup>2</sup>	Risk	Country	Index score <sup>2</sup>	Risk
Afghanistan	6.20	Enhanced	Greece	3.50	Enhanced	Pakistan	6.40	Enhanced
Albania	3.60	Enhanced	Grenada	2.00	Basic	Palau	6.60	Enhanced
Algeria	3.90	Enhanced	Guatemala	4.90	Enhanced	Panama	3.10	Basic
Andorra	1.90	Basic	Guinea	6.50	Enhanced	Papua New Guinea	7.30	Heightened
Angola	6.60	Enhanced	Guinea-Bissau	7.60	Heightened	Paraguay	4.90	Enhanced
Antigua and Barbuda	4.10	Enhanced	Guyana	4.20	Enhanced	Peru	4.20	Enhanced
Argentina	4.10	Enhanced	Haiti	5.80	Enhanced	Philippines	4.50	Enhanced
Armenia	3.90	Enhanced	Honduras	5.30	Enhanced	Poland	2.40	Basic
Australia	2.30	Basic	Hungary	2.40	Basic	Portugal	2.60	Basic
Austria	2.30	Basic	Iceland	1.70	Basic	Qatar	4.00	Enhanced
Azerbaijan	3.60	Enhanced	India	4.90	Enhanced	Romania	3.00	Basic
Bahamas	3.30	Basic	Indonesia	4.90	Enhanced	Russia	3.10	Basic
Bahrain	5.10	Enhanced	Iran	5.00	Enhanced	Rwanda	4.70	Enhanced
Bangladesh	5.90	Enhanced	Iraq	5.30	Enhanced	Saint Kitts and Nevis	4.30	Enhanced
Barbados	3.50	Enhanced	Ireland	2.50	Basic	Saint Lucia	4.00	Enhanced
Belarus	3.10	Basic	Israel	2.50	Basic	Saint Vincent and T. G.	2.80	Basic
Belgium	2.30	Basic	Italy	2.40	Basic	Samoa	4.40	Enhanced
Belize	3.80	Enhanced	Jamaica	4.40	Enhanced	San Marino	3.60	Enhanced
Benin	5.70	Enhanced	Japan	2.50	Basic	Sao Tome and Principe	4.10	Enhanced
Bhutan	4.40	Enhanced	Jordan	3.60	Enhanced	Saudi Arabia	4.40	Enhanced
Bolivia	5.00	Enhanced	Kazakhstan	3.60	Enhanced	Senegal	5.20	Enhanced
Bosnia and Herzegovina	3.50	Enhanced	Kenya	5.60	Enhanced	Serbia	3.40	Enhanced
Botswana	4.20	Enhanced	Kiribati	4.00	Enhanced	Seychelles	3.40	Enhanced
Brazil	3.70	Enhanced	Kosovo	4.50	Enhanced	Sierra Leone	6.30	Enhanced
Brunei	4.20	Enhanced	Kuwait	4.20	Enhanced	Singapore	3.80	Enhanced
Bulgaria	3.40	Enhanced	Kyrgyzstan	4.10	Enhanced	Slovakia	2.20	Basic
Burkina Faso	5.70	Enhanced	Laos	5.30	Enhanced	Slovenia	2.00	Basic
Burundi	6.30	Enhanced	Latvia	2.50	Basic	Solomon Islands	5.90	Enhanced
Cabo Verde	4.30	Enhanced	Lebanon	3.70	Enhanced	Somalia	9.10	Heightened
Cambodia	6.40	Enhanced	Lesotho	4.90	Enhanced	South Africa	3.60	Enhanced
Cameroon	6.20	Enhanced	Liberia	5.50	Enhanced	South Korea	2.90	Basic
Canada	3.30	Basic	Libya	8.20	Heightened	South Sudan	7.10	Heightened
Central African Republic	7.30	Heightened	Liechtenstein	2.70	Basic	Spain	2.30	Basic
Chad	6.90	Heightened	Lithuania	2.00	Basic	Sri Lanka	3.60	Enhanced
Chile	2.50	Basic	Luxembourg	2.00	Basic	State of Palestine	4.50	Enhanced
China	5.60	Enhanced	Macedonia	2.70	Basic	Sudan	6.20	Enhanced
Colombia	4.00	Enhanced	Madagascar	5.90	Enhanced	Suriname	5.80	Enhanced
Comoros	5.70	Enhanced	Malawi	5.30	Enhanced	Swaziland	5.70	Enhanced
Congo	6.40	Enhanced	Malaysia	4.60	Enhanced	Sweden	1.70	Basic
Costa Rica	3.30	Basic	Maldives	6.00	Enhanced	Switzerland	2.70	Basic
Côte d'Ivoire	6.10	Enhanced	Mali	6.20	Enhanced	Syria	5.20	Enhanced
Croatia	2.20	Basic	Malta	2.70	Basic	Tajikistan	3.80	Enhanced
Cuba	3.20	Basic	Marshall Islands	4.90	Enhanced	Tanzania	5.70	Enhanced
Cyprus	3.20	Basic	Mauritania	5.10	Enhanced	Thailand	3.80	Enhanced
Czech Republic	3.00	Basic	Mauritius	2.90	Basic	Timor-Leste	5.50	Enhanced
Denmark	1.50	Basic	Mexico	4.60	Enhanced	Togo	5.10	Enhanced
Djibouti	5.30	Enhanced	Micronesia	5.50	Enhanced	Tonga	5.70	Enhanced
Dominica	2.80	Basic	Moldova	3.50	Enhanced	Trinidad and Tobago	4.00	Enhanced
Dominican Republic	4.50	Enhanced	Monaco	2.20	Basic	Tunisia	3.70	Enhanced
DR Congo	6.30	Enhanced	Mongolia	3.40	Enhanced	Turkey	3.70	Enhanced
Ecuador	3.50	Enhanced	Montenegro	3.20	Basic	Turkmenistan	4.10	Enhanced
Egypt	4.50	Enhanced	Morocco	3.60	Enhanced	Tuvalu	5.60	Enhanced
El Salvador	4.00	Enhanced	Mozambique	5.10	Enhanced	Uganda	5.20	Enhanced
Equatorial Guinea	7.30	Heightened	Myanmar	6.40	Enhanced	Ukraine	3.40	Enhanced
Eritrea	7.20	Heightened	Namibia	5.40	Enhanced	United Arab Emirates	5.70	Enhanced
Estonia	2.00	Basic	Nauru	5.30	Enhanced	United Kingdom	2.20	Basic
Ethiopia	5.50	Enhanced	Nepal	5.50	Enhanced	United States	4.40	Enhanced
Fiji	4.80	Enhanced	Netherlands	2.40	Basic	Uruguay	3.50	Enhanced
Finland	1.90	Basic	New Zealand	2.50	Basic	Uzbekistan	4.60	Enhanced
France	1.10	Basic	Nicaragua	5.10	Enhanced	Vanuatu	5.60	Enhanced
Gabon	4.50	Enhanced	Niger	7.20	Heightened	Venezuela	4.30	Enhanced
Gambia	6.30	Enhanced	Nigeria	6.00	Enhanced	Vietnam	5.60	Enhanced
Georgia	3.50	Enhanced	North Korea	6.50	Enhanced	Yemen	7.10	Heightened
Germany	2.30	Basic	Norway	2.20	Basic	Zambia	6.60	Enhanced
Ghana	4.50	Enhanced	Oman	5.30	Enhanced	Zimbabwe	5.90	Enhanced

<sup>1</sup> According to the UNICEF Children's Rights in the Workplace Index. (<https://www.childrensrighsatlas.org/country-data/workplace/>) This index shall be updated yearly

<sup>2</sup> Index Scores are calculated by UNICEF on a 0 to 10 basis – lower scores reflect more fulfilment of child rights and more basic level of due diligence, while higher scores reflect less fulfilment of child rights and more heightened levels of due diligence