

Sustainability Report 2019

Delivering growth – in Asia and beyond.

Welcome from the CEO



Dear reader,

In 2019, DKSH has improved performance in all four Business Units and at the same time further raised sustainability standards. I am therefore pleased to share with you our **third sustainability report** which highlights our key achievements.

Being mindful of our **environmental** impact, we have implemented efficiency measures in 2019 and achieved climate neutrality in our founding markets of Japan, Singapore, the Philippines and Switzerland.

In the **social** area, we have been a proud partner of Right to Play in Thailand for 13 years. We extended this partnership by joining their programs with the Liverpool FC Foundation. In addition, we supported more than 40 social projects across Asia.

In **governance**, we introduced our sustainability policy and targets for the Executive Committee. This underlines our commitment and better links compensation to our sustainability efforts going forward.

DKSH has supported clients to expand in Asia for more than 150 years. Over this time, the company has developed from a traditional trading house into the leading Market Expansion Services provider in Asia. As we have widely fulfilled our vision, we have launched our **new DKSH Identity**, reflecting our ambition for growth and our purpose to enrich people's lives. Our services give people in Asia access to important products for their daily needs, create sustainable value for our partners and generate jobs. As part of our new Identity, we also updated our values: integrity, empowerment, collaboration, entrepreneurship and sustainability.

For the first time, we have set **sustainability targets** at DKSH. These include becoming climate neutral by 2030, expanding training for employees and increasing energy efficiency.

Especially in times of uncertainty, such as the outbreak of the COVID-19 virus, our ability to maintain business continuity in supply chains is crucial. It demonstrates our reliability as a partner in fulfilling our responsibility to the local communities we serve. In terms of sustainability, we have higher ambitions for the future and are continuing along this path while pursuing our vision of **enriching people's lives**.

A handwritten signature in black ink, appearing to read 'S. Butz', written in a cursive style.

Stefan P. Butz
CEO

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About us¹



11.6
billion
net sales in 2019



44
innovation
centers



150
distribution
centers



Operations in
36 countries

850
business locations



33,350
employees



1,900
clients

1,900
suppliers

525,000
customers

¹ Data for 2019

DKSH in summary

DKSH enriches people's lives by providing access to goods, services and insights. United by our vision to be the trusted partner, we help companies grow their business in Asia and beyond.

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. We do this by distributing, promoting and servicing our clients' products and helping our customers grow by providing access to high-quality products, services and insights.



Healthcare



With a product range covering pharmaceuticals, over-the-counter (OTC), consumer health and medical devices and diagnostics, we offer services including product registration, marketing and sales, and value-added services such as hospital and patient solutions.



Consumer Goods



Focusing on fast moving consumer goods, food services, luxury goods, as well as fashion and lifestyle products, we help companies grow in Asia through our services including product feasibility studies, marketing and sales, and capillary distribution.



Performance Materials



Supported by our expertise in innovation and formulation, supply chain, sourcing, regulatory and sales & marketing excellence, we distribute a wide range of innovative ingredients and chemicals for the specialty chemicals, food and beverage, pharmaceutical and personal care industries.

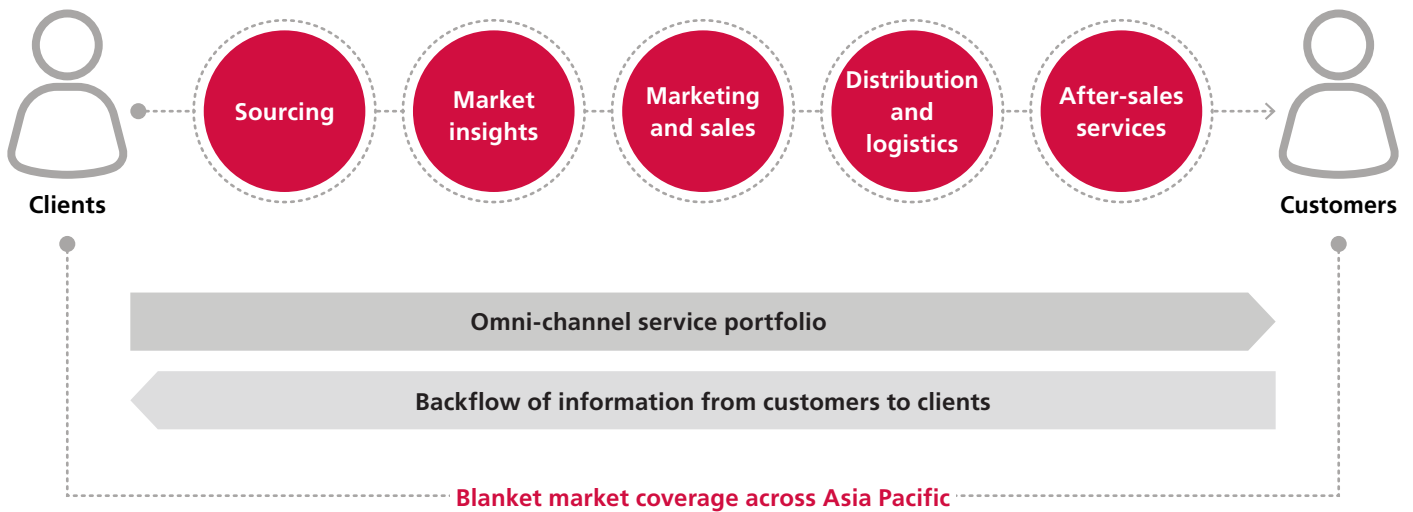


Technology



We cover a broad range of capital investment goods and analytical instruments for which we offer marketing, sales, distribution, application engineering and after-sales services.

Our services



Business partners choose the services they need to grow their business from our comprehensive and ever-growing omni-channel portfolio.

Sourcing

Business partners can access a global sourcing network with:

- Deep industry expertise to provide clients with any materials and products needed
- A cost-effective, quality and dependable supply
- Full compliance with safety and environmental regulations

Market insights

Business partners can innovate for growth with:

- Access to our global network of innovation centers in Business Unit Performance Materials where we generate new product ideas, develop and customize them, work on new ingredients

and technology applications, provide hands-on training and acceptance tests

- Market entry and long-term business strategies based on our local expertise and market intelligence
- Omni-channel insights from data and analytics

Marketing and sales

Business partners can open up new revenue opportunities with:

- A complete array of marketing and sales services, including eCommerce marketing
- Access to all relevant channels to markets, customers and outlets across Asia Pacific both offline and online

Distribution and logistics

Delivery of what our business partners need, at the right time and place with:

- An unmatched logistics infrastructure and distribution centers to transport, store and manage our business partners' products across Asia

- Many additional specialized services including product registration, regulatory support, customs handling, importation, logistics, repackaging, invoicing, cash collection, supply chain management and e-fulfillment

- A global SAP platform, one of the largest in Asia, which business partners can align their IT systems with to receive valuable direct data, such as outlet level transactions, for informed decision-making

After-sales services

Business partners receive services throughout the entire lifespan of their products with:

- A broad range of after-sales services and support ensuring top-quality standards, fast problem resolution and the ability to establish a positive product experience
- Expertly trained teams providing customer service, repairs and maintenance, on-the-spot training and know-how transfer

Sustainability at DKSH

Environment



50,000
trees planted

5
percent lower CO₂ emissions

4
markets climate neutral



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

We are committed to conducting our business in an environmentally sustainable manner. A significant part of our environmental impact results from warehousing and transport logistics, and business-related travel. We continuously strive to improve our processes in these areas. This includes for example a thorough planning process for new sites. Our environmental management systems in the newer distribution centers in Hong Kong and Singapore are certified to ISO 14001:2015. In addition, these distribution centers were awarded LEED certificates (Leaders in Energy Efficient Design) at gold and platinum level.

2019 marks our third consecutive year of measuring our carbon footprint. However, we are not simply content with measuring and reporting, but continuously strive to reduce emissions with various efficiency measures. On top of this, we compensated carbon emissions in our four founding markets and set ourselves the target to achieve climate neutrality in our own operations by 2030. To achieve this, we will gradually increase our compensation in combination with other initiatives to reduce our overall footprint.

You can see an example of how we have optimized packaging in Thailand in this short video:





Ensuring energy efficient distribution centers

“Our clients expect DKSH to achieve operational excellence in all areas, including environmental performance. As part of this, we look for strong environmental credentials when selecting new sites to lease. Our newer distribution centers in Hong Kong and Singapore have an environmental management system in place that is certified to ISO 14001:2015. In addition, these distribution centers were also awarded LEED (Leaders in Energy Efficient Design) certificates at gold and platinum levels. Whenever we choose new sites, we carefully specify our needs and choose energy efficient air conditioning, ventilation and lighting systems as well as window coverings that reduce solar heat gain. We fit out the building with energy efficient equipment and are increasingly switching to battery-powered material handling devices instead of fuel operated. Both our Hong Kong and Singapore distribution centers use LED lighting controlled by sensors to ensure lights are only on when needed. We have also been working to upgrade lighting to LEDs in selected distribution centers over the past few years.

To ensure these buildings reach their energy efficiency potential during day-to-day operations, our qualified facilities and Health, Safety and Environment teams monitor core mechanical and electrical systems and proactively seek further efficiency improvements. By doing so, our distribution centres remain safe and pleasant places to work.”

Brian Lui, Senior Executive Manager, Center of Excellence, Supply Chain Management



Rolling out mobile printers to save paper in Thailand

At DKSH Thailand, various teams have been working to reduce the amount of paper used for printing receipts and invoices. The Supply Chain Management team has enabled tax invoicing to be more customizable, so each customer only receives the number of printed copies they really need. The Taxation team are developing an e-tax invoice which can be emailed to customers, further eliminating the use of paper. Another initiative is the “Mobile Printers for Collectors” project, which reduces the number of forms that must be printed in advance and carried around by the salesperson, instead replacing these with a handheld device which can print a small receipt off a roll.

“In 2019, we launched the “Mobile Printers for Collectors” initiative to reduce paper waste and time spent on administrative tasks in Business Unit Healthcare. As part of their sales and marketing activities, our specialists regularly visit customers such as medical channels and pharmacies. Previously, upon delivery of ordered goods, they provided invoices and receipts pre-printed on standard paper. All these papers had to be printed, carried around and stored. This process was neither environmentally-friendly nor efficient, therefore we looked into better options. Strengthening our commitment to sustainability, we added mobile printers to the tablets we use for running the mobile collector. This mCollector program records the transaction and the mobile printers now produces a small collection note and summary receipt for customers. Over the next three years, this initiative will reduce the amount of paper used for these activities by 60 percent. We are pleased about this progress and are working on several new initiatives for the years to come.”

Carl Johan Soderstjerna, Head Country Management and Country Finance Manager, DKSH Thailand

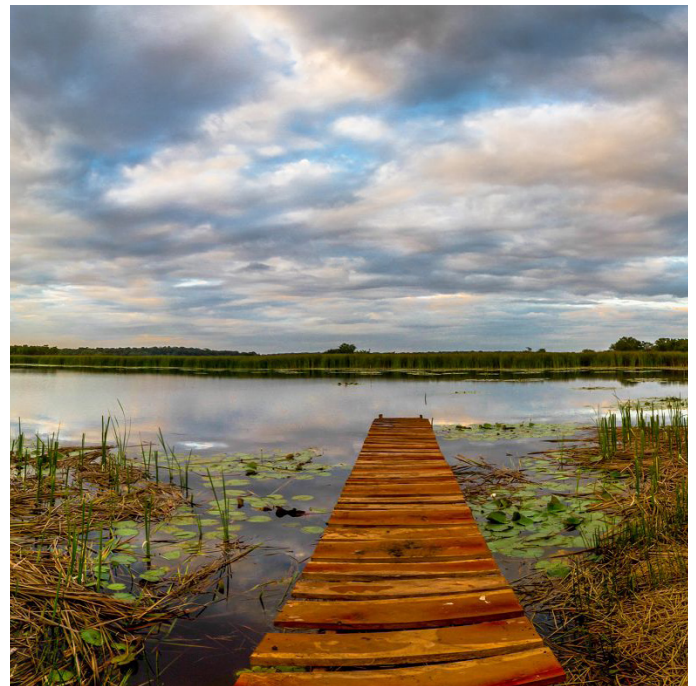
Climate neutrality by 2030

Target to achieve climate neutrality by 2030

DKSH has been reporting its carbon footprint since 2017, gradually refining the accuracy of the methodology as new data sources have become available. Once we had a clearer idea of where the main impacts occur, DKSH initiated several energy saving projects to reduce emissions. In 2019, the Group took a leap forward by starting to offset emissions associated with operations in the four founding markets. Through our partnership with Plant-for-the-Planet, DKSH achieved climate neutrality for its own operations and air travel in the Philippines, Japan, Singapore and Switzerland. This involved offsetting several thousand tons of greenhouse gas emissions by retiring the equivalent amount of Gold Standard Voluntary Emissions Reductions (VER) credits, generated through carbon offset projects. Additionally, DKSH sponsored Plant-for-the-Planet to plant around 50,000 trees on the Yucatán Peninsula in Mexico. Each of these trees absorbs at least 200 kg of CO₂. This afforestation project is supported by the Crowther Lab, ETH Zurich.

A final aspect of this commitment is supporting Plant-for-the-Planet in their work to educate young people to be Climate Justice Ambassadors. The charity organizes sessions where young people can practice giving presentations and convincing others of the importance of tackling climate change. This aims for a multiplier effect, as each young person passes the message on to their parents and friends. The partnership with Plant-for-the-Planet complements DKSH's existing long-term collaboration with Right To Play, which improves the well-being of children, young people and communities in Thailand through sport and play.

As we continually step up our efforts, we have set ourselves the ambitious target to expand this partnership and **achieve climate neutrality in our own operations by 2030**. We will also develop further energy efficiency initiatives and targets in the coming years.



Social



41

social projects

12

hours of training per employee

5

new company values



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

As a services company, our 33,350 people are the heart of our business, and of our success. Since 2015, we have been operating our in-house Fantree Academy to further develop our talents. Employees pursuing courses at Fantree Academy received an average of 12 hours of training in 2019 and we have set a target to increase this to 15 hours by 2025. Going forward, we will continue increasing the focus on our people and their learning and development opportunities as per our DKSH Identity and values. Please read more about this on ensuing pages.

Besides empowering our own employees, a strong commitment to the local communities we operate in has always been an integral part of our business. We supported 41 projects across many of our markets.

One of our core initiatives in our major market of Thailand is the 13-year partnership with the international organization Right to Play. This global organization uses the transformative power of play to educate and empower children facing adversity. DKSH extended this partnership at the beginning of 2020. Together with the Liverpool FC Foundation and Right to Play, DKSH now reaches 2,000 children and 1,500 communities in Thailand by establishing sport and play-based sessions, rehabilitating sport fields and organizing tournaments.

For more examples of our local community initiatives, please see:





Never lose the love and passion for what you do

"I proactively identify business opportunities in my line of work. Having delivered a record-breaking sales result of an all-time high in Business Unit Consumer Goods in Singapore in 2019, I was awarded as the first "employee of the month" and kick-started this initiative to recognize successful individuals. My mantra in life is to enjoy the journey and seize the opportunity to change things for the better."

Florence Ng, Manager, Client Management, Business Unit Consumer Goods, DKSH Singapore



At DKSH employees have a positive impact that enriches people's lives

"I joined DKSH in 2016 as a Service Sales Specialist handling service contracts. DKSH provides a great platform to further grow and develop my skills. The company allows me to approach customers and propose ideas that not only generate more business value for them but also benefit the company, rather than just merely selling something without making an impact."

Chow Meng Kai, Senior Specialist, Service Solution, Business Unit Technology, DKSH Malaysia



I enjoy winning big as a team

"I joined DKSH as a management trainee in 2008 and have progressed to a Senior Manager today. Being in Business Unit Healthcare, DKSH presents a dynamic and exciting working environment with multiple learning opportunities. It is amazing to see how we work as a team to master challenges and I truly appreciate the moments of triumph when we overcome obstacles as one team."

Grace Yeo, Senior Manager, Client Management, Business Unit Healthcare, DKSH Malaysia



I am proud to be a part of the DKSH family

"Working at DKSH has been an enriching experience and a great learning opportunity. The work culture encourages high performance, promotes talent and grooms future leaders. DKSH adequately empowers its employees to take on business challenges, overcome obstacles and explore new opportunities. Keeping the best interests of the organization in mind, we work with a sense of ownership and accountability."

Vishal Jawale, General Manager, Business Unit Performance Materials, DKSH India



I am as engaged as ever and really happy to work with DKSH

"I celebrated my 20 years anniversary with DKSH Laos. I started as a Sales Representative, taking on many different roles and responsibilities thereafter. Working with DKSH provides me with the opportunity to have a positive impact that enriches people's lives. Being able to enjoy continuous learning and development in both my personal and career life has been my motivation to stay with DKSH for such a long time."

Thiptaphone Chanthavong, Assistant General Manager, Business Unit Healthcare, DKSH Laos

DKSH Identity



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.



Why did DKSH need a new Identity?

Over the past 150 years, DKSH has developed from a traditional trading house to the leading Market Expansion Services provider with a focus on Asia. As our "old" vision was largely implemented, it was therefore time to redefine our DKSH Identity and values for the company we are today.

What is the new Identity about?

As a company, our services give people in Asia access to important daily products, create sustainable value for our partners and generate jobs across the region. Therefore, we define our corporate purpose as "Enriching people's lives". Our promise of "Delivering growth – in Asia and beyond" reflects our ambition for future growth.

How is it important for employees?

The DKSH Identity and values provides a common guide, bringing employees together as one strong DKSH team working towards a shared goal. This will also enable DKSH to keep employees and their development at the heart of our culture.



Integrity

We never compromise on our ethical, business and compliance standards.



Entrepreneurship

We innovate, identify business opportunities and focus on operational excellence to drive growth for our partners and us.



Empowerment

We own our decisions, take accountability for our actions and trust and respect each other – so each one of us can make a difference and grow.



Sustainability

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



Collaboration

We work as one DKSH team, supporting each other and our partners, to achieve joint success.

For more information on our Identity see:



Governance



100%

of Executive Committee with sustainability targets

1

new membership at the Roundtable on Sustainable Palm Oil



“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. They are committed to upholding strong governance standards representing the interests of DKSH and its stakeholders. With our newly developed sustainability policy, we further define our organizational set-up, responsibilities and commitments. In line with this, DKSH has set targets related to the UN Sustainable Development Goals. Additionally, all members of the company’s top management have a sustainability-related target included as part of their yearly appraisal.

DKSH is committed to meeting the highest quality requirements along the entire value chain. This also applies to areas that constitute a minor part of our business, such as the sourcing of palm oil in our Business Unit Performance Materials. Our entity in Spain, as well as the newly acquired company Axieo, have been a member of the “Roundtable on Sustainable Palm Oil” (RSPO) for several years. As a next milestone, DKSH as a group became a member in 2019 and we will further consolidate our approach to palm oil products in 2020.



Promoting sustainable products

“Working with the specialty chemicals sector, we are constantly looking to develop new innovations that benefit society. Examples include additives which when applied to coatings on buildings can absorb pollution from the atmosphere. One of our clients developed a product based on “photocatalytic TiO₂” and we formulated it into different coatings and concrete solutions with some of our customers. These formulations can be applied to exterior materials, such as concrete paving stones in city streets, or interior surfaces, such as paints and coatings for schools and hospitals. We have been selling this product in Europe for several years. We actively monitor the development of sustainable products and select promising innovations. More recently in Asia, we have begun distributing and promoting a new substance that can be added to building materials to absorb CO₂ and other pollutants from the atmosphere. We are excited to grow this market further and play our part in improving the environment.”

Ramon J. Viñas, Vice President, Global Specialty Chemicals Industry and Head Country Management Spain and Portugal



Refining our approach to sustainability

“DKSH has considerably strengthened its commitment to sustainability over the past years. Therefore, in 2019, we have developed a sustainability policy that covers all DKSH entities. For the first time, we define the governance structure for sustainability at DKSH, including setting roles and responsibilities. The definition of sustainability is broad, encompassing environmental, social and ethical issues relating to the company’s day-to-day operations. The policy assigns responsibilities to the Board of Directors, Executive Committee, local operating company management teams and the Sustainability Committee. The Sustainability Committee, led by our functions Group Governance, Risk & Compliance and Group Investor & Media Relations, is responsible for the implementation of the policy. In this Committee, we are supported by representatives from other departments as well as Business Units and report directly to the Executive Committee.”

Andreas Wuest, Vice President, Group Governance, Risk & Compliance



“Since the beginning of 2020, each member of the Executive Committee has a sustainability target with an initial weight of five percent. Sustainability is now better linked to our Executive Committee’s compensation.”

Till Leisner, Head, Group Investor & Media Relations

What really matters: our materiality matrix

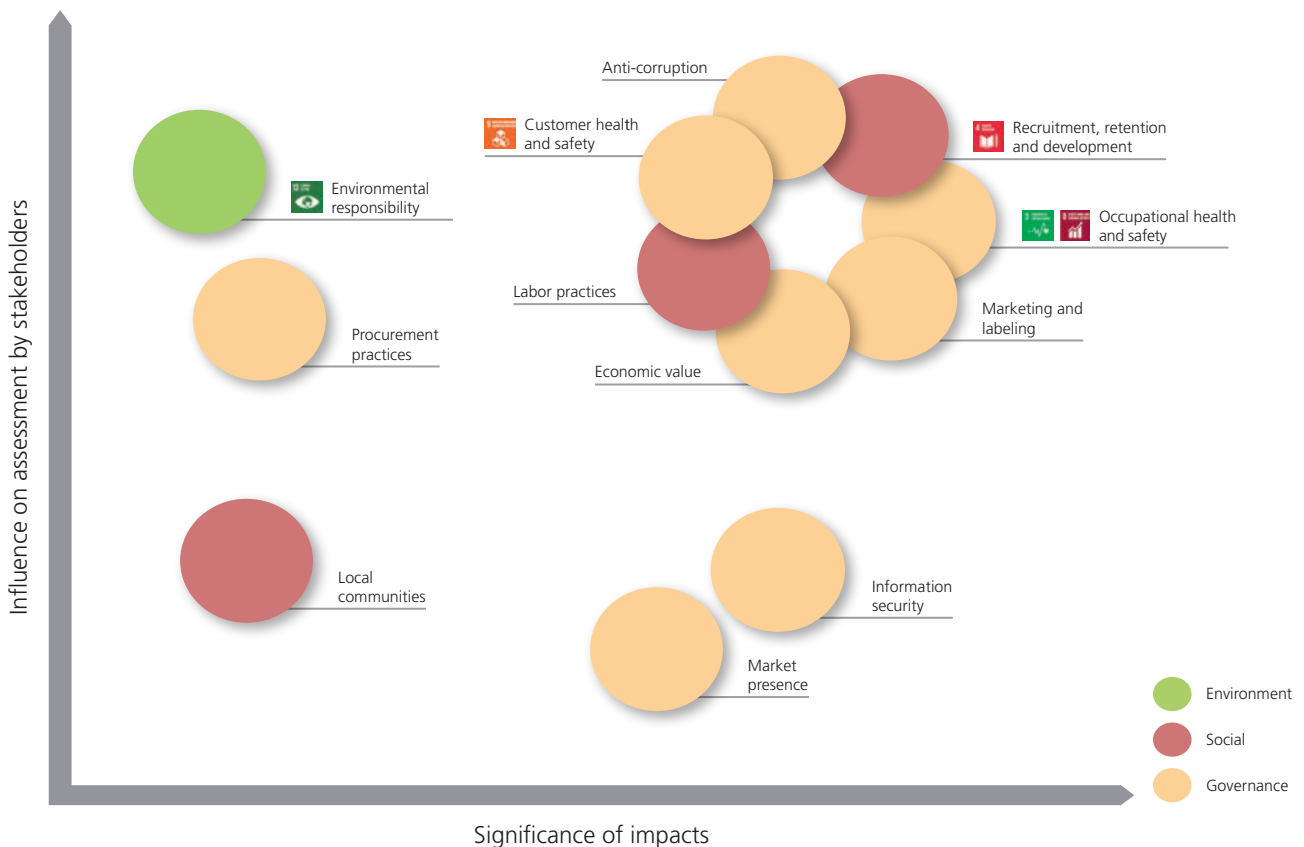
DKSH conducts materiality assessments to identify the most relevant topics for our stakeholders. Our initial materiality assessment was conducted in 2017. In 2018 and 2019, we performed a high-level review of the assessment. The review included the integration of updated information from business partners, 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



Our engagement for local communities

Mumbai, India

DKSH provides medical aid to community children, by carrying out pediatric, orthopedic surgeries.



Bangkok, Thailand

DKSH supports an initiative to encourage the employment of blind masseuses in Thailand.



Hong Kong

DKSH partners with Food Angel to provide people in need with healthy and nutritious meals.



Phnom Penh, Cambodia

DKSH conducts its second blood donation campaign under the motto: "Give blood, give love, save lives."



Dongala Palu, Indonesia

DKSH partners with the Indonesian Red Cross to provide local schools and surrounding communities with a cleaner environment.

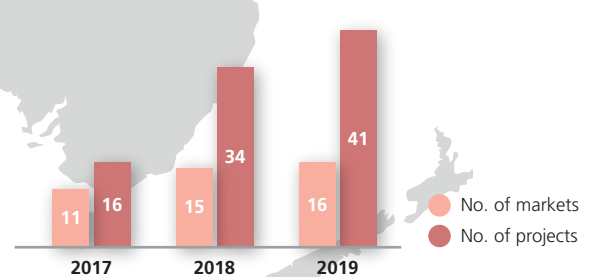


Melaka, Malaysia

DKSH collaborates with SUKA society to provide children with pre-school education.



41 supported projects in 2019
in **16** different markets
See more on page 30-31 (GRI 413-1)



Supporting the United Nations' Sustainable Development Goals

DKSH strives to create sustainable value for all stakeholders. Founded in Asia in the 19th century by Swiss pioneers, we are deeply rooted in the communities we serve and are committed to creating opportunities for advancement with a focus on less developed countries.

Our business directly and indirectly contributes to the United Nations (UN) Sustainable Development Goals (SDGs). These Goals, adopted by the UN in 2015 for delivery by 2030, seek to address the world's largest challenges for the benefit of all, including ending poverty, improving health and education, and tackling climate change. We seek to contribute to the SDGs and have identified five Goals where we can create a positive impact through our business activities. We have identified specific targets to be reached by 2025 and 2030.



Our contribution

Ensuring access to healthcare is at the core of our business and is aligned with DKSH's mission of enriching people's lives in Asia and beyond. Not only do we distribute prescription and non-prescription drugs and medical devices, but we also contribute to the education of doctors and patients in the correct use of these products. Furthermore, we participate in health-related community engagement activities, such as blood donation campaigns.

The health, safety and wellbeing of our workforce – of which around 20 percent works in distribution and logistics – is a top priority. Our capillary distribution system requires significant travel activities for our sales force and delivery personnel. Safety procedures in our distribution centers and road safety are key topics for us. We strive to minimize accidents through measures such as monitoring of working hours, correct use of equipment and regular training sessions (read more on pages 42-44).

Our target

"Promote safe driving and work towards zero deaths and high-consequence injuries on our roadways by 2025."
(2019: two fatalities)

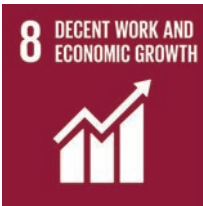


Our contribution

As a services company, people are our greatest asset, and their dedication, attitude and passion drive the long-term success of our business. DKSH encourages employees to own their professional development through proactive engagement. The DKSH Fantree Academy, our in-house learning and development center, offers around 40 programs aimed at developing capabilities across all levels of the organization. DKSH monitors its yearly training activities and will further expand these. This is in line with the Group's strategy to continue placing increased focus on talent development while promoting lifelong learning.

Our target

"Increase annual training to 15 hours per employee at Fantree Academy by 2025."
(2019: twelve hours)



Our contribution

DKSH contributes to economic growth in many countries in Asia through our commitment to providing attractive jobs and enabling employment. We are committed to acting responsibly and to providing attractive work opportunities in a safe and secure work environment. We treat our workers with dignity and respect and play our part in avoiding all forms of indecent labor, including child and forced or compulsory labor. Throughout all our facilities we have processes and procedures in place to ensure that our workplaces are safe and secure.



Our contribution

Driving innovation is an important part of Business Unit Performance Materials. For example, we develop new formulations that enhance the environmental performance of our clients' products. To improve public and private infrastructure in Asia, our Business Unit Technology offers complete solutions for infrastructure and specialized industrial applications, mostly to small and medium-sized enterprises. An important part of DKSH's service offering is our market coverage via an established capillary distribution network as well as our 150 distribution and 44 innovation centers across Asia. DKSH is committed to continually reviewing and upgrading its infrastructure, and using the latest, most sustainable technology in order to optimize resource-use efficiency. By implementing such initiatives every year, we contribute to the UN goal of better infrastructure.

Our target

"Improve energy efficiency incrementally across our own sites by 2025."
(2019: improvements in Thailand, New Zealand and other markets)



Our contribution

We seek to reduce the carbon impact of our own activities with a particular focus on our large, mainly outsourced, fleet and temperature-controlled facilities for consumer goods and healthcare products. This aligns with our commitment to upgrade existing infrastructure as outlined in our contribution to Goal 8. We have standardized our global management approach for greenhouse gas emissions since 2018 and are looking at lower carbon paths in the markets in which we operate, for our own operations as well as supporting our clients' climate change objectives. In 2019, we began compensating emissions in our founding markets and strive to expand this commitment over the next years.

Our target

"Achieve climate neutrality in our own operations by 2030."
(2019: 20 percent)

Environment

Environmental responsibility



At DKSH, our environmental commitment includes limiting our own impacts, helping our suppliers and clients to manage theirs, and raising our employees' awareness of 'green' issues.

As a major employer, we have a role in educating our employees about how they can reduce their environmental impact at home as well as at work. For example, for the second year in a row DKSH in China has run a campaign on the correct separation of waste as well as providing eco tips, such as ways to save paper.

Since the adoption of our Health, Safety and Environment (HSE) policy in 2017, we have gradually strengthened and standardized

the environmental management approach across our own operations. In line with this policy, local HSE managers are responsible for maintaining a register of applicable national environmental laws and regulations and for ensuring that all our operations are compliant through an appropriate management program.

Since 2017, DKSH has had no recorded incidents of non-compliance with environmental laws and regulations.

GRI 307-1

DKSH takes responsibility for its environmental impacts. We have been reporting the carbon emissions related to our opera-

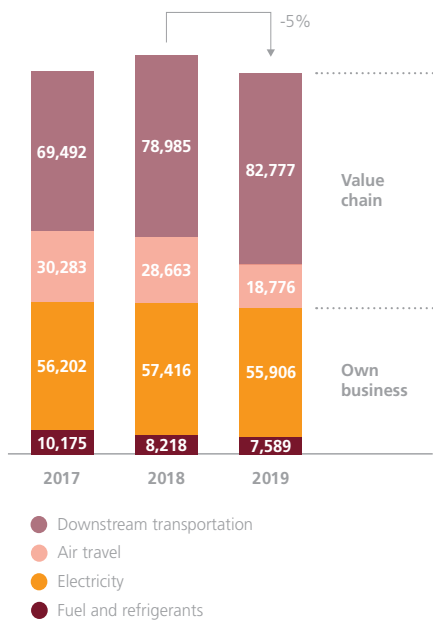
tions for three years and have launched several initiatives to reduce our environmental footprint. In addition to reducing carbon emissions, DKSH is following a program to offset progressively more of its carbon footprint each year, with the aim of becoming climate neutral by 2030. In 2020, we will continue to look for opportunities to increase energy efficiency and reduce our climate impact further. Read more about these initiatives on pages 9-10.



Target
Achieve climate neutrality in our own operations by 2030. (2019: 20 percent)

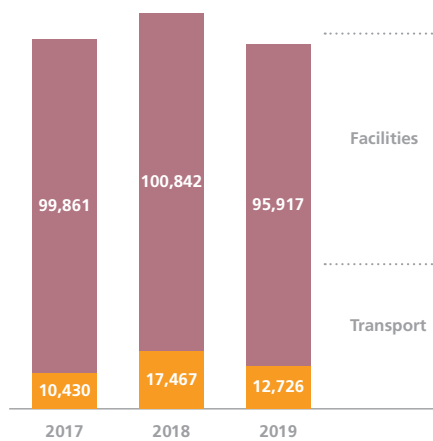
Our main environmental impacts relate to our distribution centers, fleet and business travel.

Greenhouse gas emissions
in tons CO₂



GRI 305-1 to 305-3

Energy use, by activity
in MWh



GRI 302-1

Distribution centers

To distribute our clients' products and our own, DKSH operates 150 distribution centers (DCs) across Asia. Our DCs and warehouses are typically leased, with a few of them built-to-suit.

Distribution centers 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 are another significant part of our carbon footprint.

To achieve continuous improvements, the environmental management systems of our distribution centers in Singapore and Hong Kong have been certified to ISO 14001:2015. Currently, we are building a next generation distribution center in Taiwan for Business Unit Healthcare, which will also have an environmental management system certified to this internationally-recognized standard. Read more on page 9.

Preparing goods for delivery requires use of packaging (mostly cardboard cartons and plastic for pallet wrapping), and packaging waste is generated from incoming shipments. Healthcare cold chain goods need particularly extensive packaging to protect sensitive items. We have intensified our efforts to recycle cold chain packing in the past few years. To optimize packing material usage in air-conditioned and ambient packing, we use automated packing equipment. The machine speeds up the process for packaging and shipping while creating minimal waste and maximizing protection for packed items.

At our Healthcare DC in Thailand, we operate a so-called D-Pack system, which is two times faster than manual packing. The innovative machine scans and identifies the maximum height for the products to fit into the box and proceeds to use that information to automatically close and seal the storage box. This ensures that there is no void space and eliminates the need for air pouches. By optimizing space in the boxes, up to 15% of packaging materials are saved and the carbon footprint for logistics and transport services is reduced. Scan the below QR code to watch a video about this system:



Transport

Our capillary distribution network serves several thousand customers daily. Most of our outbound delivery service is managed through our professional service providers, but we also have a small fleet of our own for specialized services. One of our most significant impacts relate to fuel consumption within these vehicles.

More than 95% of our outsourced transport is diesel-powered although some vehicles are natural gas- or gasoline-powered. In our high volume, high frequency businesses (e.g. FMCG, Healthcare) with many delivery drop points to be serviced, route optimization is key for operating efficiently. Fuel savings lead to cost savings, representing a win-win situation. To increase efficiency and tackle emissions for our small company-owned fleet and our haulage suppliers, we have, since 2018, started rolling out a specialized software targeting transport network optimization.

This enables us to plan the most efficient usage of trucks and the best routes to take. The system will result in efficiency gains and savings of up to 10 percent as it reduces the number of vehicles needed and time spent making.

The roll-out of this software in Thailand, Singapore, Hong Kong and Malaysia was completed in 2019, and savings have already been realized in some markets, such as Singapore. The tool was further deployed to Vietnam and Taiwan during 2019, where savings are expected to be seen from 2020. To ensure effective use of the new system, training on route planning has been provided alongside the software.

In addition to optimizing transport routes, DKSH is also exploring options to use battery-operated vehicles for both own and outsourced transport. A pilot was started in Thailand in 2019, where the first electric vans have been introduced for Business Unit Consumer Goods and electric motorcycles for Business Unit Healthcare. This will substantially lower carbon emissions and, once established in Thailand, this solution could be further rolled-out to other markets.

Business travel

Despite our widespread use of communication technologies, traveling remains an important factor in our service delivery and our other business operations. Most of these journeys are made by 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. In recent years, we have upgraded IT communication capabilities and promoted conference and video calls to reduce the need for travel.

Office and IT infrastructure

Most of our offices are leased, often with central control of air conditioning and other services by the building management teams. This results in us having limited visibility of our direct energy usage and little scope to change the building fabric and fittings. Options to reduce energy consumption in leased buildings are limited to certain actions, such as upgrading lightbulbs to LEDs and controlling lighting through sensors and timer switches to ensure the buildings remain unlit when not occupied. During 2018, DKSH New Zealand installed LED lights throughout all its sites. With this measure, electricity consumption in 2019 was reduced by one-third, thereby also substantially lowering the local carbon footprint.

The reduction of paper and printing was a focus in 2019 for several markets. In the DKSH headquarters in Switzerland, we switched to 100% recycled printing paper. In Malaysia, a 25% reduction in paper printing was achieved in 2019 through introducing various online process workflows. In Thailand, our “Mobile Printers for Collectors” initiative was launched in Business Unit Healthcare and will save 60% of paper over three years. Read more about this initiative on page 9.

Reporting approach

Data on refrigerants, fuels and downstream transportation is captured for markets with the highest usage of refrigerated storage and largest distribution networks. These include Cambodia, Hong Kong, Malaysia, Myanmar, New Zealand, Singapore, Thailand, Taiwan and Vietnam. For fuel, this includes usage of CNG, LPG, diesel and gasoline for our internal fleet of delivery vehicles and back-up electricity generators.

For downstream transportation, major suppliers provided diesel consumption data in liters from bill data. For consistency, all fuel property factors were sourced from UK Government GHG Conversion Factors for Company Reporting (2019 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 all our markets except for two small ones, where we have extrapolated energy data from cost data. 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 (2019) 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 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.

Social

Recruitment, retention and development



As a services provider with 33,350 employees, our success largely depends on the availability of skilled professionals who share our values. As our reputation is built on trust, integrity and reliability, we seek to retain talent to maintain stable relationships with our business partners.

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 2019, page 33).

Our practices with respect to providing benefits to employees comply fully with applicable legislation and in many cases exceed it. In four of our nine significant operating markets, the benefits provided to part-time and temporary employees are identical to those of permanent full-time employees, and in two other markets there are only minor variations.

GRI 401-2

DKSH Identity

Over the past 150 years, our company has developed from a traditional trading house to the leading Market Expansion Services provider with a focus on Asia. As our “old” vision was largely implemented, it was therefore time during 2019 to redefine our DKSH Identity and values to reflect the company we are today.

The new Identity reflects our ambition for future growth as well as our corporate purpose to enrich people’s lives. As a company, our services give people in Asia access to important daily products, create sustainable value for our partners and generate jobs across the region.

As part of our new Identity, we updated our corporate values: integrity, empowerment, collaboration, entrepreneurship and sustainability. With these core values, we ensure that DKSH will keep our employees, and their development, at the heart of our culture.



Learning and development

In learning and development, we subscribe to a 70-20-10 learning approach. This approach recognizes that the greatest impact of learning comes from job-related, hands-on experience and occupational training (70 percent). The remaining impact comes from learning through others (20 percent) and through formal courses (10 percent) largely provided internally via DKSH's Fantree Academy, our in-house learning and development center. DKSH encourages employees to own their professional development through proactive engagement.

The DKSH Fantree Academy offers around 40 programs to develop capabilities across all levels of the organization. The programs span three pillars: essential skills, leadership programs and functional skills. Training is provided through various channels, including classroom, instructor-led, on-the-job training and learning through the company's learning management system, Maya. Since 2015, DKSH has expanded the number of courses, places available, and the number of employees trained. In 2019, around 7,000 employees participated in a training at Fantree Academy (13,000 course places registered).

Around 7,000 DKSH employees participated in Fantree Academy in 2019, each receiving an average of 12 hours of training during the year (2018: 14 hours).

GRI 404-1

Employee recognition

Recognition is a key part of our approach to retaining talent. This includes our focus on promoting internal mobility across markets and organizational units, which enables our employees to gain new experiences. We regularly advertise job openings internally to foster career progression and only recruit externally if no suitable internal applications are received. Especially for management-level employees, DKSH tracks the proportion of internally filled vacant positions and reports this figure to senior management.

Our Mobility Guidelines, part of our Group Compensation and Benefits, provide guidance on supporting employees as they move through the company, such as subsidizing costs and providing cultural training to expatriate workers and their families when entering a new market.

Performance reviews

At DKSH, we encourage employees to own their professional development through proactive engagement. An important feature is the yearly performance review where employees can discuss and agree on their personal development plan with their manager. It is a requirement of our Employment Policy

that all employees participate in a formal annual appraisal of their performance with their manager. This is carried out through the DKSH Talent Portal, an online performance and talent management solution. Regular dialogues between managers and employees on development objectives, including constructive and focused feedback, are also a part of the development journey at DKSH.

All our employees have a yearly appraisal. 19 percent of employees received a comprehensive performance review in 2019 (2018: 16 percent). This review includes a reflection on our values, leadership principles, individual targets and development plans. All decision-making with respect to appraisals, development opportunities and promotions uphold our equal opportunities commitment.

GRI 404-3



Target

Increase annual training to 15 hours per employee by 2025. (2019: twelve hours)

Labor standards



At DKSH, our workforce is as diverse as our business. Many of our employees are office based, with others working in distribution centers, laboratories, innovation and service centers or out in the field serving customers. What all our employees have in common is a desire for fair employment and pleasant, safe workplaces free of discrimination and harassment. Much of our workforce is employed in countries and industries which typically rank high on human rights risk indices. Additionally, for some of our supply chain-related services we rely on contractors. We expect all our appointed business partners to respect human rights, as mandated by our Supplier Code of Conduct. Violation of these principles can lead to contract termination.

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 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.

GRI 407-1

At the end of 2019, 24 percent of DKSH's employees were covered by collective bargaining agreements (2018: 27 percent).

GRI 102-41

Our stance on 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 the company values diversity in the workforce, such as differences in backgrounds and cultures, and that any form of discrimination, harassment or bullying is not acceptable.

The training also gives examples of unacceptable behaviors; these include employees being prevented from activities such as practicing their religion, giving feedback or suggestions, or joining groups which discuss workplace benefits.

At DKSH, we recognize that everybody in the workplace must be treated with respect and dignity.

The training 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. In 2019, no incidents of misconduct were reported to HR.

Subsequent to the launch of a new Learning Management System (LMS), we will conduct a company-wide training on the Code of Conduct including human rights during 2020 and disclose associated training data in future reports.

GRI 412-2

DKSH recorded no incidents of discrimination or harassment in 2019.

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.

GRI 408-1 and GRI 409-1

Our management approach on non-discrimination and human rights practices has focused thus far on legal compliance and governance processes; evaluation of the effectiveness of this approach has mainly been at the local level. Although we are not aware of significant issues arising from this compliance-led approach, we intend to further standardize our management of these issues across our markets.

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, particularly in less developed regions, 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. Furthermore, through our capillary distribution network, we enable market access for healthcare products and other necessary items across Asia, contributing to the quality of life in the communities we serve. In addition, we provide ingredients and equipment to build local industries and infrastructures with our Business Units Performance Materials and Technology.

Directly linked to our business activities, our colleagues in Business Unit Healthcare in 2019 organized blood donation campaigns in Cambodia, Myanmar, Singapore and the Philippines. In Vietnam, DKSH volunteers and medical specialists from the University in Ho Chi Minh supported the medical check-up of 500 people unable to afford medical aid. Furthermore, several teams from Business Unit Consumer Goods regularly participated in food donation programs and organized baskets of everyday essentials for less-advantaged families.

Alongside our business activities, we strive to create a positive impact by engaging in projects and selected sponsorship programs to develop and support local communities. As stated in our Code of Conduct, DKSH

does not engage in political processes and refrains from any form of donation to political parties, elected officials or candidates for public office, or in support of any political campaigns.

In terms of charities, one of our core initiatives in our major Thai market has been to support Right to Play for more than 13 years. This global organization uses the transformative power of play to educate and empower children facing adversity. During 2019, DKSH explored options to expand this partnership and successfully did so in early 2020. Together with Right to Play and the Liverpool FC Foundation, DKSH will establish sport and play-based sessions, 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. The program targets 2,000 children and young people as well as 1,500 community members in Thailand.

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 around ten deaf people from the local community at the Famous Amos cookie outlets.

Since 2018, all markets with significant operations have supported charitable activities benefitting local communities. In total, DKSH supported 41 (2018: 34) projects in 2019.

GRI 413-1



DKSH, Right To Play and Liverpool FC Foundation joint forces to promote life skills, social cohesion and learning environments of children, young people and communities in Thailand.

Governance

Economic performance



Economic performance refers to our ability to operate a profitable business model. At the same time and as defined by our corporate value “Sustainability”, we take responsibility for our environmental, social and economic impact to account for present and future needs. DKSH has a clear strategy for sustainable, profitable growth that continuously increases our market share and helps our clients expand their businesses. By doing this, DKSH actively contributes to the UN Sustainable Development Goals (SDGs). Both our business and charitable activities support the 2030 Global Goals. Read more about our contribution and targets for the SDGs on page 19-20.

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 contributes to various charitable projects based in our local communities. By supporting a diverse range of smaller charities, we respond directly to the local need.

Our stakeholders have a keen interest in DKSH as a long-term investment opportunity, attractive employer, reliable business partner, responsible taxpayer and good corporate citizen. Therefore, the generation and distribution of economic value is key for us to meet our stakeholders’ 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 customers and clients

- We 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 their approval. DKSH is committed to paying its taxes in a timely manner and 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.

11.6

billion Swiss francs Direct economic value generated

11.5

billion Swiss Francs Direct economic value distributed

53

million Swiss francs Economic value retained

		2018 in CHF millions	2019 in CHF millions
Direct economic value generated	Revenues	11,455	11,613
Economic value distributed	Operating costs	(10,444)	(10,658)
	Employee wages and benefits	(669)	(688)
	Payments to providers of capital	(119)	(155)
	Payments to governments (taxation)	(71)	(60)
Economic value retained	Direct economic value generated – economic value distributed	151	53

GRI 201-1

Market presence



DKSH promotes and distributes clients' products in local markets, particularly in Asia. Our in-depth knowledge of the markets we do business in 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, which means that we can serve our customers wherever they are located. Especially for Business Unit Performance Materials, our strong geographical coverage in both Europe and Asia is part of our unique selling proposition. In line with our strategy to expand our service offering and geographical reach, DKSH made several acquisitions in 2019 and added the Netherlands as an additional market for the Performance Materials business.

Operating in many diverse local communities we do business with is part of our corporate culture. We also believe sharing business practices across cultures contributes to local skills and economic development. Therefore, our mixed 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 markets and customers. Our 33,500 DKSH employees cover 70 nationalities, meaning that we speak the language and understand the culture of our business partners in the 36 markets we operate in. In 2019, 60 percent of senior managers in our markets with significant operations 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 (2018: 53 percent).

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

GRI 102-4

60 percent of local senior management is hired from local communities.

GRI 202-2

Procurement practices



Given our business model, our procurement activities are sizeable. In 2019, we achieved sales of CHF 11.6 billion and delivered goods that originated from a supply base of 3,800 clients and suppliers, for a procurement value equal to almost CHF 10 billion. These trade-related procurement activities were complemented by procurement of goods and services for our own operation accounting for roughly half a billion Swiss Francs.

Each of our three procurement categories follows different standards and expectations:

- Goods for distribution under **marketing and distribution services** agreements

- Goods and materials for resale under **sourcing** arrangements or for **manufacturing**
- Goods and services for our **own operation** and our **service delivery**

Marketing and distribution services

Our marketing and distribution services business accounts for the bulk of our procurement activities. We serve a global client base with a split of around one third each headquartered in the Americas, Europe and Asia. We usually take over products at port and distribute them locally from our 150 distribution centers. Increasingly our services are also sought by local manufacturers wanting to benefit from our market access solutions.

Our primary procurement focus in this part of our activities is ensuring compliance with our global Trade & Customs Compliance Policy, regulatory requirements as well as the safety, security and integrity of the products we handle.

Moreover, our business operates within well-defined product categories, following ethical standards and stringent contract management procedures. Except a few longer-term arrangements, we do not engage in companies involved in manufacturing, sale or distribution of tobacco or alcoholic beverages and we do not have any business with companies involved in arms or weapons of mass destruction. We respect all applicable international and local laws and regulations pertaining to trade restrictions.

Sourcing and manufacturing

The principles governing our sourcing and manufacturing activities are as follows:

- In Performance Materials, unlike in distribution services (push), sourcing relates to identifying the right product and supply source for a specific requirement of a customer (pull). Sourcing aims to find new or alternative sources for dedicated specialty chemicals or ingredients on a project basis to serve the spectrum of customers from small to multinational enterprises. Suppliers and products require qualification based on stringent, pre-defined and agreed criteria prior to starting any business, based on a standard qualification process

For example, 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.

- In our watch business, to avoid the sourcing of materials from conflict zones, we choose local suppliers who respect standards of responsible procurement (e.g. 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)

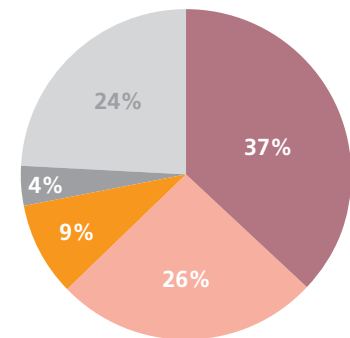
- In 2019, DKSH acquired the food distribution business of Auric Pacific which included house brands partly produced externally and partly self-manufactured, with the majority being dairy products. Third-party manufactured products are sourced from high-quality responsible suppliers in Australia, New Zealand and Belgium. Ingredients for our production site in Malaysia are exclusively sourced locally, except a few ingredients not available in the local market, with a primary focus on quality and food safety

Our Thailand and Malaysia based franchising operations (Levi's, Famous Amos) follow strict procurement guidelines by the respective franchisors (The Levi Strauss Co., Ferrero SpA), with the franchisors either supplying materials to us for manufacturing, appointing supply sources, or auditing and approving suppliers selected by DKSH prior to us procuring materials on their behalf. Whenever possible, we give preference to goods from local suppliers over imported goods.

In our own brands healthcare business, supplier selection is primarily driven by quality and capability considerations. In a significant part of this business, DKSH is the licensee, and the supply source is either the licensor or is determined/approved by the licensor.

All supply sources must meet GMP and WHO standards and be compliant with the Pharmaceutical Inspection Co-operation Scheme (PICS). Suppliers are audited accordingly by health authorities as well as by our own audit procedures.

Procurement for our own operation and service delivery



- Logistics and distribution costs
- Selling costs
- Travel and entertainment
- Information technology
- Other operating expenses

Procurement activities for our own operations are dominated by logistics and distribution costs. This mainly refers to the cost of goods handling and movement in or between our locations and deliveries to customers, including ancillary costs such as packaging materials. Transportation is largely outsourced to specialized local logistics companies. For the operation of our distribution centers we partially rely on 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. The procurement of other supplies mainly refers to general expenditure items, such as rent, utilities, stationery and office supplies, consultancy, and IT license and service fees and, except some consultancy and IT license and service fees, are incurred locally.

For the local execution of our business (primarily service delivery), almost 100 percent of our procurement by spend in 2019 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, in part relating to commercial criteria and in part pertaining to business conduct governing the relationship. It mandates written form for any supply arrangements including a reference to the Supplier Code of Conduct forming an integral part of any supply contract. Our Supplier Code of Conduct addresses topics such as anti-corruption, health and safety, decent work, respecting human rights and the environment.

More specifically on supplier selection, 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 operate from 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. DKSH is also 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.

Anti-corruption



At DKSH, we are committed to taking responsibility and playing our part in fighting corruption by conducting our business in an ethical manner. Our business is built on trust and integrity. We do not tolerate any form of corruption, as set forth in our DKSH Code of Conduct and as embedded throughout our organization. In 2019, we have again reaffirmed our commitment to integrity by highlighting it as one of our key corporate values (see page 14).

Most of our business is conducted in Asia where we operate in several markets and industries. It is imperative that our employees understand our values and expected standards of business conduct and live up to and respect them in all their activities. We place great emphasis on hiring and retaining people who share our values and who protect our business and that of our clients and customers.

100% of our employees are made aware of our anti-corruption policies upon joining, including periodic reminders during their employment with us.

GRI 205-2

Integrity in our own business

In 2019, DKSH has promoted Integrity as one of its six corporate values. DKSH expects lawful and ethical behavior from all employees and business partners as laid down in our Code of Conduct, which prohibits any form of bribery and corruption. Non-compliance risks are addressed in a comprehensive compliance program, which includes our Anti-Bribery and Anti-Corruption (ABAC) and other policies, risk assessment, processes and procedures, training and education, monitoring as well as confidential reporting and investigations.

The Group's Governance Risk Compliance (GRC) Function operates an anti-corruption compliance program in line with our compliance policy framework, which is based on recognized international standards (U.K. Bribery Act, U.S. Foreign Corrupt Practices Act).

For the execution of the compliance program, GRC works directly with DKSH's operating markets and in collaboration with DKSH's Business Units and Functions. The management team for each market oversees compliance at national level, under the leadership of a Head of Country Management appointed by the Group CEO. In markets with perceived higher compliance risks, the Head of Country Management is supported by dedicated local compliance managers who operate under the guidance of GRC.

For compliance initiatives relating to specific Business Units or Functions, GRC engages directly with the global Business Unit or Function Heads.

As stated in the Code of Conduct and the ABAC policy, employees are required to promptly report any incidents of non-compliance – including demands for bribes or facilitation payments – to their supervisors or to GRC. In addition, an email address is provided in the Code of Conduct and in various internal policies for confidential use by internal and external stakeholders. Substantiated cases are investigated and errant parties adequately sanctioned, with DKSH having zero tolerance for retaliation against anyone who reports incidents in good faith. An annual review of compliance with our standards is made to the executive management, to identify trends and focus areas for further compliance efforts.

Training and communication are important cornerstones of our compliance culture. New employees undergo thorough onboarding procedures upon joining our organization. These include reading and accepting our policy framework and completing certified compliance training. Periodically, all employees are required to refresh their knowledge of DKSH’s anti-corruption policies, including the expectations for proper business behavior.

In 2019, in addition to new recruits completing onboarding procedures, 9,210 employees renewed their anti-corruption training. These employees were selected because they work in higher risk roles (sales, marketing, procurement functions) and/or markets (based on Transparency International’s Corruption Perception Index) or control Functions.
GRI 205-2

DKSH’s governance bodies for sustainability include the Board of Directors of our public listed entities in Switzerland, Malaysia and Indonesia, executive management at Group level as disclosed in DKSH’s 2019 Annual Report (page 22-25), and all local-level top management members forming Country Management Teams. The regional split in 2019 was as follows:

In 2019, 100 percent of governance body members were aware of DKSH’s anti-corruption policies. 75 percent of governance body members (excluding non-executive board members) completed anti-corruption training.
GRI 205-2

Region	Total governance body members
Thailand	13
Greater China*	18
Malaysia and Singapore	23
Rest of Asia Pacific	88
Rest of the World	46
Total	188

* Includes mainland China, Hong Kong, Macau and Taiwan

Integrity of the supply chain

As an outsourcing partner to our clients, we are committed to upholding integrity in the supply chain. This includes our downstream business partners 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.

In communicating our anti-corruption policies, we focus on business partners who assist us with the execution of our business directly. These include sales intermediaries, such as sub-distributors, tender agents and resellers, and vendors, such as commission agents, consultants, forwarders, importers, customs brokers, fulfilment agents and event organizers.

All these business partners are engaged based on written service contracts that include anti-corruption compliance clauses, with our Supplier Code of Conduct and the ABAC policy serving as contractual documents.

Anti-corruption policies are communicated to all our downstream business partners.

GRI 205-2

Effectiveness of the compliance program

Management is responsible and accountable for ensuring proper application of compliance standards in the business. The Group's compliance function, GRC, supports management by providing advice, methodologies and tools. GRC also performs reviews to assess the level of awareness, understanding and application of standards and compliance controls through a structured review and tailored enforcement program based on risk assessments. Furthermore, the Group's Internal Audit (GIA) Function performs compliance audits through audit assignments derived from GIA's own risk assessment.

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.

Occupational health and safety



Employees are our most important assets and health and safety in the workplace remains a top priority at DKSH. Our occupational health and safety (OHS) management program focuses on two key topics: (i) workplace safety in our distribution center operations and (ii) safe driving, given our extensive marketing, sales, service and delivery activities across all Business Units. In addition to these focus areas, the program also covers safety risks related to the operation of machinery in production and to the installation, repair or servicing of machinery and equipment at customer sites, as well as the risks to people and the environment from the transportation, storage and handling of dangerous goods and hazardous materials.

The management of OHS risks is enshrined in our corporate Health, Safety and Environment (HSE) policy which mandates proper HSE governance and execution in all our countries of operation. Local Country Management Teams (CMTs) are responsible for ensuring maintenance and execution of local policies adapted to their operations and risk profiles. CMTs are assisted by local HSE management units tasked with operating a comprehensive HSE management system, including OHS, and with maintaining close cooperation and coordination with risk owners in the business. HSE performance against the corporate policy is monitored and reported to a global supervisory committee at least twice a year.

Training and education are important elements in ensuring all employees are aware of health and safety requirements and take responsibility for their own wellbeing and the safety of others. New employees receive comprehensive HSE 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.

In line with our commitment to continuous improvement of OHS, it is essential that any incidents are reported and investigated, and that remedial action is taken to prevent reoccurrence.

We are committed to taking all the necessary precautions to prevent harm to anyone operating at any of our facilities, through adequate safety procedures, including the provision of signage, safety equipment and personal protective gear. This also extends to contractors operating on our sites, addressed via Working Instructions on Visitor Safety, Contractor Safety and Permit to Work (which also covers safe driving), and Contractor Guidelines. For the handling of hazardous goods, we operate a Standard Operating Procedure on Hazard Identification and Risk Assessment and Risk Control (HIRARC). We also provide HIRARC Training and Guidelines, and a HIRARC Inspection Form. Following safety audits, corrective action plans are used to address any issues.

2019 performance

Workplace audits by key clients, customers, standards boards and regulatory bodies as well as internal stakeholders (Corporate Supply Chain Management, HSE managers) all target hazard identification across the organization. Key hazards we identified and addressed during 2019 mainly consisted of improper behaviors relating to operating forklifts and powered equipment; stacking of loads and storage of materials; and manual lifting and/or handling; and the risk of exposure to potentially dangerous goods and hazardous substances. Actions taken to manage risks include engineering and administrative controls, training as well as the provision of personal protective equipment.

Despite all the leading measures we have put in place, sadly two people lost their lives in road accidents during 2019 while working for DKSH in Thailand and Malaysia.

- In Thailand, a DKSH employee driving a delivery van under adverse weather conditions (poor visibility and a slippery road) lost control of his vehicle trying to avoid an unknown object. The van overturned and fell into a roadside canal, where the driver, having lost consciousness, tragically drowned in rising floodwater. DKSH supported the family of the deceased by helping with funeral costs and providing a compensation fund
- In Malaysia, a third-party dispatch rider operating between our distribution centers and office locations, whilst driving correctly, became the victim of a hit-and-run incident while completing a delivery for DKSH. An internal collection was established to support the family of the deceased

No blame is attached to either driver, but management decided to extend messaging on the importance of safe driving. Extra activities were launched, including road safety refresher training, recurring communications and sharing sessions, enhanced consequence management for road safety violations, management reviews of road safety performance, and increased vehicle inspections. No other incidents of high-consequence work-related injury were recorded for 2019.

Work-related injuries

	Number		Rate ¹	
	2018	2019	2018	2019
Employees				
Fatalities from work-related injuries	0	1	0	0.02
High-consequence work-related injuries	1	0	0	0
Recordable work-related injuries	52	46	0.9	0.8
Number of hours worked (in million)	57.5	54.5	-	-

	Number		Rate ¹	
	2018	2019	2018	2019
Workers (all, no exclusions)				
Fatalities from work-related injuries	0	1	0	0.1
High-consequence work-related injuries	0	0	0	0
Recordable work-related injuries	12	16	1.4	1.6
Number of hours worked (in million)	8.8	10.3	-	-

¹ per 1,000,000 hours worked

Main types of work-related injuries

Types of injury	Employees		Other workers	
	2018	2019	2018	2019
No. of First Aid injuries	23	23	10	14
No. of Medical treatment beyond first aid	9	6	2	5
No. of Job restrictions or transfers	1	4	1	1
No. of Lost time injuries	42	35	9	9
No. of Fatalities	0	1	0	1

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

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 – e.g. pharmaceuticals, food, specialty chemicals, machinery – we are committed to operating quality management systems that deliver on our promise of the high standards needed to safeguard the health and safety of customers, consumers and patients.

Our management approach adapts to the different business lines and product categories we handle and the corresponding reg-

ulations 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, 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).

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 and associated management system, applicable throughout our organization.

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 2019, 117 such audits took place, which means that on average the Business Unit is subject to around one audit per month per market of operation (2018: 143 audits).

Any deviations from applicable standards detected through reviews, audits or complaints are promptly reported and addressed.

DKSH recorded 1 incident of non-compliance concerning health and safety impacts of products and services in 2019.

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 our 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 qualification 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.

DKSH recorded three incidents regarding marketing and labeling practices (wrong labeling of a footwear product and two warning letters regarding advertisements).

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 in the respective industry associations (local IFPMA associations; APACMed) and by operating management programs to ensure compliance by employees and service providers.

Information security



The operation of our business results in a significant accumulation of data relating to our products and services as well as to our customers and business partners. Unavoidably in our business, we also serve clients who are competitors in the marketplace. Ensuring confidentiality is therefore crucial. At times, personal data needs to be collected 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 has become a key topic for any business.

In line with 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 principles of protecting confidentiality. Our information security program and cyber security strategy is endorsed and supported by the Executive Committee and the Board of Directors. The overall program functions directly under the Group Chief Information Officer. Our strategy focuses on cyber threat preventive counter measures, stepping up organization information security maturity and 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. Since 2018, DKSH holds yearly internal "IT security roadshows". In 2019, these were held as full-day events for the first time, demonstrating to employees the importance the company places on IT security. In total, 15 markets, including all significant operations, held such roadshows. Consistent with the previous year, the training was provided to more than 500 employees. In addition, more than 7,000 employees who use IT in their work completed an online IT security awareness training and passed the accompanying test.

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. As part of the continuous improvement of the company's IT landscape, IT applications will also be certified. The gap analysis and necessary measures were initiated during 2019 with a target to achieve certification in 2020.

Our quality assurance team ensures that the required standards are maintained on an ongoing basis.

After having implemented a new Group Data Privacy Policy, a new Website Policy and a Global Privacy Governance Structure in line with the EU General Data Protection Regulation (GDPR) in 2018, we further implemented and rolled-out necessary measures and trainings in 2019.

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.

For the third year in a row, DKSH received no complaints related to data breaches of customer privacy and loss of customer data from outside parties or regulatory bodies in 2019. Similarly, DKSH is not aware of any identified leaks, thefts, or losses of customer data.

GRI 418-1

Appendix

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	16,470	96.0%	766	4.0%	17,236
Male	16,333	99.0%	199	1.0%	16,532
Total	32,803		965		33,768

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

Region	Permanent	% of total	Temporary	% of total	Total
Thailand	11,543	96.0%	530	4.0%	12,073
Greater China*	2,866	98.0%	59	2.0%	2,925
Malaysia and Singapore	5,836	100.0%	2	0.0%	5,838
Rest of Asia Pacific	12,105	97.0%	369	3.0%	12,474
Rest of the World	453	99.0%	5	1.0%	458
Total	32,803		965		33,768

* 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	16,683	97.0%	553	3.0%	17,236
Male	15,881	96.0%	651	4.0%	16,532
Total	32,564		1,204		33,768

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
China	Swiss Chamber of Commerce
Germany	VCH Verband Chemiehandel e.V.
	OAV German Asia-Pacific Business Association
Denmark	Kemi and Lifescience
	Danish Chamber of Commerce
Spain	Spanish Chemicals Distributors Association AECQ
	AFCA (Asociación de Fabricantes y Comercializadores de Aditivos y Complementos Alimentarios)
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
	Swiss Chamber of Commerce

Market	Name of association or advocacy organization
India	Indian Drug Manufacturers Association
	Indo-German Chamber of Commerce
	Indian Specialty Chemical Manufacturers Association
Japan	European Business Council in Japan
	European (EU) Chamber of Commerce in Japan
	Austrian Business Council in Japan
	Swiss Chamber of Commerce and Industry in Japan
	German Chamber of Commerce and Industry in Japan
	The Tokyo Chamber of Commerce and Industry
Cambodia	European Chamber of Commerce
Myanmar	British Chamber of Commerce Myanmar
	Myanmar Cosmetic Association
	European Chamber of Commerce
	American Chamber of Commerce
	Myanmar Chamber of Commerce for Pharmaceutical and Medical Device
Union of Myanmar Federation of Chamber of Commerce & Industries	
Malaysia	Malaysia Retailers Association
	Malaysia Retail Chain Association
	Pharmaceutical Association of Malaysia
	Malaysian Animal Health and Nutrition Industries Association
	Malaysia International Chamber of Commerce and Industry
	Swiss Malaysian Business Association
	Malaysian Employers Federation
	Federation of Malaysian Manufacturers
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)

Market	Name of association or advocacy organization	
Thailand	Pharmaceutical Research & Manufactures Association (PReMA)	
	Thai Medical Device Technology Industry Association (THAIMED)	
	The Federation of Thai Industries (FTI) Foods & Beverages, Food Industry Club	
	The Federation of Thai Industries (FTI) Food Supplements Club	
	Thai Cosmetic Manufacturers Association (TCMA)	
	Thai Retailers Association (TRA)	
	Health Food Supplement Association (HSFA)	
	Cosmetics Industry Association	
	Thai Self-Medication Industry Association	
	Regulatory Affairs Pharmacy Association (TH) - RAPAT	
	The Federation of Thai Industries, Responsible Care Management Committee of Thailand (RCMCT), Chemical Industry Club	
	Hazardous Substances Logistics Association (HASLA)	
	Taiwan	Taiwan Association of Logistics Management
		International Research-Base Pharmaceutical Manufacturers Association (IRPMA)
Taipei Medical Instruments Commercial Association		
Taipei Pharmaceutical Agents and Distributors Association		
Taipei Pharmaceutical Business Association		
The American Chamber of Commerce in Taipei		
Taipei Instruments Commercial Association		
Taipei Kitchen Commerce Association		
Taipei Machinery Traders' Association		
Taiwan Commercial Kitchen Equipment Development Association		
Taiwan Pharmaceutical Marketing & Management Association		
Taiwan Advanced Medical Technology Association		
European Chamber of Commerce Taiwan		
Taoyuan Pharmacists 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 2020, 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 2019, p. 7	
GRI 102-2	Activities, brands, products and services	CB 2020, p. 12-16	
GRI 102-3	Location of headquarters	AR 2019 p. 7	
GRI 102-4	Location of operations	p. 35	
GRI 102-5	Ownership and legal form	AR 2019, p. 7-8	
GRI 102-6	Markets served	CB 2020, p. 12-16, 36	
GRI 102-7	Scale of operations	AR 2019, p. 4-5, 98-99 CB 2020, p. 36	
GRI 102-8	Information on employees and other workers	p. 53	
GRI 102-9	Supply chain	CB 2020, p. 12-16	
GRI 102-10	Significant changes to the organization and its supply chain	AR 2019, p. 39-41	
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. 15, 19-20	
GRI 102-13	Membership of associations	p. 54-56	
GRI 102-14	Statement from senior decision-maker	p. 2	
GRI 102-16	Values, principles, standards and norms of behavior	p. 13-15 CoC, p. 1-6	
GRI 102-18	Governance structure	p.15-16 AR 2019, p. 7-28	
GRI 102-40	List of stakeholder groups	p. 17, 52	
GRI 102-41	Collective bargaining agreements	p. 28	
GRI 102-42	Identifying and selecting stakeholder	p. 17, 52	
GRI 102-43	Approach to stakeholder engagement	p. 17, 52	
GRI 102-44	Key topics and concerns raised	p. 17, 52	
GRI 102-45	Entities included in the consolidated financial accounts	AR 2019, p. 98-99	
GRI 102-46	Defining report content and topic boundaries	p. 17	
GRI 102-47	List of material topics	p. 17	
GRI 102-48	Restatement of information	n.a	
GRI 102-49	Changes in reporting	There have been no major changes in the material issues we report on between 2018 and 2019.	
GRI 102-50	Reporting period	Calendar year 2019	
GRI 102-51	Date of most recent report	Published 2020, relating to calendar year 2019	
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	GRI Report 2019 has not been externally assured.	

GRI standards and disclosures		References	Omissions
Economic			
GRI 201	Economic performance (2016)		
GRI 103	Management approach (2016)	p. 33	
GRI 201-1	Direct economic value generated and distributed	p. 34	
GRI 202	Market presence (2016)		
GRI 103	Management approach (2016)	p. 35	
GRI 202-2	Proportion of senior management hired from the local community	p. 35	
GRI 204	Procurement practices (2016)		
GRI 103	Management approach (2016)	p. 36-38	
GRI 204-1	Proportion of spending on local suppliers	p. 38	
GRI 205	Anti-Corruption (2016)		
GRI 103	Management approach (2016)	p. 39-41	
GRI 205-2	Communication and training about anti-corruption policies and procedures	p. 41	
Environment			
GRI 103	Management approach (2016)	p. 22-24	
GRI 302	Emissions (2016)		
GRI 302-1	Energy consumption within the organization	p. 23	
GRI 305	Energy (2016)		
GRI 305-1	Direct (scope 1) GHG emissions	p. 23	
GRI 305-2	Indirect (scope 2) emissions	p. 23	
GRI 305-3	Other indirect (scope 3) emissions	p. 23	
GRI 307	Environmental compliance (2016)		
GRI 307-1	Non-compliance with environmental laws and regulations	p. 23	

GRI standards and disclosures		References	Omissions
Social			
GRI 401	Recruitment and retention (2016)		
GRI 103	Management approach (2016)	p. 26-27	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 26	
GRI 403	Occupational health and safety (2018)		
GRI 103	Management approach (2016)	p. 42-43	
GRI 403-9	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	p. 44	
GRI 404	Training and education (2016)		
GRI 103	Management approach (2016)	p. 26-27	
GRI 404-1	Average hours of training per year per employee	p. 27	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. 27	Information is currently unavailable according to employee categories.
GRI 406	Non-discrimination (2016)		
GRI 103	Management approach (2016)	p. 28-29	
GRI 406-1	Incidents of discrimination and corrective actions taken	p. 29	
GRI 407	Freedom of association and collective bargaining (2016)		
GRI 103	Management approach (2016)	p. 28-29	
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 28	
GRI 408	Child labor (2016)		
GRI 103	Management approach (2016)	p. 28-29	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	p. 29	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 2019. In 2020 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. 28-29	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 29	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 2019. In 2020 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. 28-29	
GRI 412-2	Employee training on human rights policies and procedures	p. 29	
GRI 413	Local communities (2016)		
GRI 103	Management approach (2016)	p. 30-31	
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	

Sustainability at DKSH 2019

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