



**Zuellig Pharma  
United Nations Global Compact  
Communication on Progress**

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## WELCOME MESSAGE FROM OUR CEO

*John Davison, Chief Executive Officer Zuellig Pharma*

Making healthcare more accessible in Asia has underpinned the Zuellig Pharma business throughout our hundred-year history and has seen us grow to become one of the leading providers of healthcare services in our region. Our approach to business has always involved looking beyond immediate needs to consider the long-term future of our employees, clients, customers, partners and the communities in which we operate. This year, we embarked on a journey to extend this philosophy and make *sustainability* an integral part of the way we run our business.

Zuellig Pharma has established wide networks across our 13 markets, working with the top pharmaceutical, consumer health and medical device companies in the region to serve over 350,000 medical facilities. Our digital transformation now allows us to deploy the latest technology and digital infrastructure to extend this reach. We have tremendous capabilities to make a positive and lasting impact on our stakeholders and on the communities we serve.

Our sustainability vision is to build a healthier future for Asia with our clients and customers by focusing on four pillars: **Improving Health Outcomes, Nurturing Talent, Respecting the Environment** and **Setting the Highest Standards of Integrity**.

We joined the United Nations Global Compact in 2019 to bring this vision to life and fulfil our mission of making healthcare more accessible. We remain firmly committed to supporting the Global Compact and implementing its Ten Principles within our business.

Our first *Communication on Progress* outlines Zuellig Pharma's commitments, management systems and activities in the areas of human rights, labour, environment and anti-corruption. In each of these areas, we have identified key performance indicators to measure and report annually. We recognise that sustainability is a journey and are committed to developing challenging but achievable targets for these indicators to achieve our goals.

Zuellig Pharma is excited to support this global effort, and we look forward to working closely with our clients, customers, suppliers, partners and employees to achieve a better and more sustainable future for all.



**John S. Davison**  
Chief Executive Officer

# HUMAN RIGHTS

**Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights**

**Principle 2: Businesses should make sure that they are not complicit in human rights abuses**

## COMMITMENT

Zuellig Pharma considers respect for human rights as an integral component of the way we do business.

We commit to conducting our business in a manner consistent with the principles contained within the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Core Conventions on Labour Standards. This commitment requires that we work continuously to integrate the following human rights-related areas into our daily business with our employees, partners and suppliers, in accordance with the United Nations Global Compact's Ten Principles:

- **Diversity & Inclusion** – Zuellig Pharma strives to maintain an inclusive work culture where each employee is respected and valued. Individuals in all dimensions of diversity are offered equal opportunity to join and grow within the company according to performance and potential. We are also actively encouraging local suppliers to promote diversity, equality and inclusion.
- **Harassment & Abuse** – Zuellig Pharma does not tolerate disrespectful or inappropriate behaviour, unfair treatment, or retaliation of any kind. The organisation will protect workers from any acts of physical, verbal, sexual or psychological harassment, bullying, abuse or threats in the workplace by their fellow workers or managers.
- **Workplace Health & Safety** – Zuellig Pharma is committed to providing a healthy, safe and conducive work environment to all employees, contractors and suppliers and any others involved in or affected by its operations. We will do this through upholding the highest standards of operational excellence in our facilities and offices.
- **Working Conditions** – Zuellig Pharma treats all employees, contractors and suppliers fairly, whether on company premises or offsite under telecommuting agreements. Working hours comply with national laws. The work week does not exceed 60 hours, including overtime, except in emergency or unusual situations. Employees are allowed at least one day off every seven days. Zuellig Pharma ensures that all staff are entitled to reasonable rest breaks, access to toilets, rest facilities and drinkable water at their place of work.

## MANAGEMENT SYSTEMS

Our [Code of Conduct](#), [Labour & Human Rights Policy](#) and [Anti-Discrimination & Harassment Policy](#) set out how we maintain our moral obligation to treat people with dignity, and define the human rights standards at Zuellig Pharma. In addition, we have developed the *Zuellig Pharma Supplier Code of Conduct* to educate our suppliers on our Ethics, Labour and Health + Safety key principles, amongst others. These policies are reviewed on a regular basis to ensure compliance to the latest international standards.

Should we identify any risks in the area of human rights within our organisation or supply chain, we will take the necessary action to mitigate these risks to the greatest possible extent. Health and Safety managers are appointed in all markets to ensure full compliance with the requirements of all applicable local occupational health and safety legislation. Critical suppliers are also trained and required to adhere to our stringent Health and Safety standards.

At our request, these critical suppliers acknowledge the supplier code of conduct and our overall code of conduct. They are required to demonstrate improvements in key development areas that lack visible monitoring and control.

## ACTIVITIES

Zuellig Pharma's *Code of Conduct Hotline* is an independent, internal and confidential channel that allows employees and suppliers to report any incidents of human right abuse.

- **Diversity & Inclusion** – Zuellig Pharma's diversity initiatives are applicable, but not limited to, practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity. All employees are required to attend and complete annual diversity awareness training to enhance their knowledge to fulfil their responsibility to treat others with dignity and respect at all times.
- **Harassment & Abuse** – When an act of harassment is committed, the following channels are available for the complainant to report the incident: HR, Speak Up Channel and others. Any employee found violating the provisions of this Anti-Discrimination and Anti-Harassment policy shall undergo disciplinary action or termination depending on the gravity of the offence. Employees found guilty of sexual harassment in particular shall be automatically terminated from employment.
- **Workplace Health & Safety** – Training programmes will be put in place around Health and Safety standards and guidelines. We have a robust workplace health and safety programme in place that has enabled us to meet health and safety requirements across all our markets. We are now developing a comprehensive risk management strategy to work towards attaining the ISO45001 Occupational Health and Safety Certification.
- **Working Conditions** – All employees are entitled to holidays and leave periods compliant with local laws and agreements. Our supplier code of conduct states that suppliers are expected to provide their employees with fair compensation and benefits, including minimum wages, overtime hours and other benefits mandated by law. Working hours for employees will not exceed the maximum set by the applicable local laws and regulations.

## MEASUREMENT OF OUTCOMES

As this is Zuellig Pharma's first Communication on Progress, we have shared the following baseline indicators to report on an annual basis, with an accompanying target for 2020:

Key Performance Indicator	2019 baseline	2020 target
<b>Diversity &amp; Inclusion</b> <ul style="list-style-type: none"> <li>Percentage of sites accessible to disabled people</li> </ul>	73%	100%
<b>Health &amp; Safety</b> <ul style="list-style-type: none"> <li>Percentage of sites where Health &amp; Safety programme has been implemented</li> <li>Percentage of markets where Health &amp; Safety procedures are in place</li> </ul>	100% <i>adopting foundational programme</i>  100% <i>aligned with local regulations</i>	100% <i>to adopt enhanced programme that aligns with ISO45001</i>  100% <i>to align with international guidelines</i>

In addition, we intend to track the following human rights key performance indicators, with an aim to set challenging but achievable targets within a year. Where applicable, these indicators have been identified to align with GRI Standards and other international guidelines.

Key Performance Indicator
<ul style="list-style-type: none"> <li>Percentage of employees trained on human rights issues, especially in the areas of Diversity &amp; Inclusion, Harassment &amp; Abuse, Workplace Health &amp; Safety</li> </ul>
<b>Harassment &amp; Abuse</b> <ul style="list-style-type: none"> <li>Total number of incidents of harassment</li> </ul>
<b>Workplace Health &amp; Safety</b> <ul style="list-style-type: none"> <li>Percentage of markets where stress and noise risk procedures are in place</li> <li>Percentage of sites with OHSAS 18001 certification obtained</li> <li>Number of first aid cases reported</li> <li>Number of lost-time injury events</li> </ul>

# LABOUR

**Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**

**Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour**

**Principle 5: Businesses should uphold the effective abolition of child labour**

**Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation**

## COMMITMENT

The cornerstone of Zuellig Pharma is our 13,000 employees working across Asia. Employees are our most valuable assets, and their health, wellbeing and engagement is vital for the success of our business. Ensuring we attract, develop and motivate the right diverse workforce will give us the opportunity to develop cultures and behaviours that will drive our sustainable business. The goal is to make Zuellig Pharma a great place to grow. The principles of freedom of association, anti-discrimination and eradicating child, forced or compulsory labour also extend to our expectations of our suppliers.

Zuellig Pharma's labour commitments are aligned with the principles contained within the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Core Conventions on Labour Standards. In accordance to the United Nations Global Compact's Ten Principles, these commitments include the following areas:

- **Freedom of Association & Collective Bargaining** – Zuellig Pharma respects an employee's right to join, form or not to join a labour union, seek representation, bargain or not bargain collectively in accordance with local laws and without fear of reprisal, intimidation, or harassment.
- **Elimination of Forced or Compulsory Labour** – Zuellig Pharma does not tolerate any form of forced labour, including debt bondage, indentured labour or involuntary prison, or any involvement in human trafficking. This includes transporting, harbouring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labour or services. Zuellig Pharma will not unreasonably restrict workers' freedom of movement throughout company-provided facilities, nor unreasonably restrict workers' entering or exiting company-provided facilities. We will also engage with suppliers to eradicate modern slavery, forced labour and human trafficking in its supply chain.
- **Abolition of Child Labour** – Zuellig Pharma shall not employ children below the minimum age for employment according to applicable regional law, in any case not under the age of 15. Furthermore, Zuellig Pharma shall ensure that persons under the age of 18 do not perform any offshore duties or undertake any hazardous work that could jeopardize their health or safety, including night shifts and overtime.
- **Anti-Discrimination** – Zuellig Pharma does not tolerate discrimination based on race, colour, gender, sexual orientation, gender identity, religion, political opinion, nationality, social origin and status, indigenous status, disability, age or and all other aspects unrelated to an individual's ability to perform work.

## MANAGEMENT SYSTEMS

**Nurturing Talent** is a key pillar upon which our sustainability strategy is founded on, covering Zuellig Pharma’s material issues of talent recruitment, development and retention, workplace health and safety, employee wellbeing and engagement as well as diversity and inclusion.

Our **[Code of Conduct](#)**, **Labour & Human Rights Policy** and **Anti-Discrimination & Harassment Policy** set out how we maintain labour standards at Zuellig Pharma. These policies are reviewed on a regular basis to ensure compliance to the latest international standards. Should we identify any risks related to our labour relations, we will take the necessary action to mitigate these risks to the greatest possible extent possible.

At our request, our critical suppliers acknowledge our supplier code of conduct that includes strict compliance with all applicable labour laws and regulations. The supplier code of conduct covers fair labour practices related to the Global Compact, including forced or compulsory labour and child labour.

There are established Human Resources teams in place in all markets to ensure full compliance with the requirements of all applicable local occupational health and safety legislation.

## ACTIVITIES

- **Freedom of Association & Collective Bargaining** – Where employees are represented by legally recognised unions, we aim to have constructive dialogues with their chosen representatives and bargain in good faith with such representatives.

**CASE STUDY: SALARY AGREEMENTS WITH LABOUR UNIONS IN KOREA**



Our Korea team has worked hard to forge an amicable relationship with labour unions in the country. This led to the successful signing of salary agreements with both the Korea Democratic Pharmaceutical Union (*left*) and the Logistics Labour Union (*right*).



- **Elimination of Forced, Compulsory or Child Labour** – Each Zuellig Pharma employee has a contract of employment that clearly states the terms and conditions of service. We have also commenced discussions with Mekong Club, an association made up of corporations who are shedding a light on and eradicating modern slavery in Asia, to explore risks, identification mechanisms and abolish actions of any type of forced labour within our supply chain.
- **Anti-Discrimination** – To ensure conduct and processes are fair and non-discriminatory, Zuellig Pharma has committed to initiatives including but not limited to:
  - Using inclusive language in job ads
  - Setting formal job-related criteria to hire, promote and reward employees
  - Offering compensation and benefits according to position, seniority, qualifications and performance, and not protected characteristics
  - Accommodating people with disabilities
  - Requiring managers to keep detailed records of their decisions concerning their staff and job candidates
  - Providing training on diversity, communication and conflict management to improve collaboration among employees from different backgrounds

## MEASUREMENT OF OUTCOMES

As this is Zuellig Pharma’s first Communication on Progress, we have shared the following baseline indicators to report on yearly, with an accompanying target for 2020:

Key Performance Indicator	2019 baseline	2020 target
<ul style="list-style-type: none"> <li>▪ Percentage of markets that comply with local labour regulations</li> </ul>	100%	100% to align with international standards

In addition, we intend to track the following labour-related key performance indicators, with an aim to set challenging but achievable targets within a year. Where applicable, these indicators have been identified to align with GRI Standards and other international guidelines.

Key Performance Indicator	Target	By Year
<ul style="list-style-type: none"> <li>▪ Percentage of employees trained on labour issues, especially in the areas of Freedom of Association and Collective Bargaining, Anti-Discrimination, and eliminating forced, compulsory or child labour</li> </ul>	100%	100%
<i>Anti-discrimination</i> <ul style="list-style-type: none"> <li>▪ Total number of incidents of anti-discrimination</li> <li>▪ Percentage of employees who have completed anti-discrimination trainings</li> </ul>	0 100%	2020 2020
<i>Elimination of compulsory or forced labour</i> <ul style="list-style-type: none"> <li>▪ As the objective is the non-existence of compulsory or forced labour, we aim to measure and discuss performance in more qualitative terms</li> </ul>		
<i>Abolition of child labour</i> <ul style="list-style-type: none"> <li>▪ As the objective is the non-existence of child labour, we aim to measure and discuss performance in more qualitative terms, particularly assessing outcomes of the due diligence process</li> </ul>		

# ENVIRONMENT

**Principle 7: Businesses should support a precautionary approach to environmental challenges**

**Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility**

**Principle 9: Businesses should encourage the development and diffusion of environmentally-friendly technologies**

## COMMITMENT

Zuellig Pharma believes that we have an ethical responsibility to protect the environment and comply with environmental laws and regulations. Climate change is a reality that not only affects health outcomes, but also directly impacts our mission of making healthcare accessible to the communities we serve.

We are committed to the protection of the environment as part of every decision we make. Our goal is to avoid any situation that may lead to unacceptable environmental hazards for employees, the public or the environment in general. We commit to complying with applicable environmental laws and regulations, including the proper use and disposal of materials and waste. We are also conscious that our supply chain has a major part to play in protecting the environment, and we aim to take our suppliers along with us on this sustainable journey.

## MANAGEMENT SYSTEMS

**Respecting the Environment** is a key pillar upon which our sustainability strategy is founded on, covering Zuellig Pharma's material issues of climate resilience, climate change mitigation and energy efficiency, responsible waste management, and environmental compliance.

Our [Code of Conduct](#) and **Environmental Policy** set out how we maintain environmental standards at Zuellig Pharma. These policies are reviewed on a regular basis to ensure compliance to the latest international standards. Should we identify any risks related to our environmental actions, we will take the necessary steps to mitigate these risks to the greatest possible extent possible.

At our request, suppliers sign our supplier code of conduct that includes an expectation to operate in an environmentally friendly manner and strict compliance with all applicable environmental laws and regulations.

## ACTIVITIES

### **A precautionary approach to environmental challenges**

We operate in accordance to environmental laws in all countries. In line with the precautionary approach outlined by the Rio Declaration on Environment and Development, we conduct systematic risk assessment and management of our facilities and have in place response mechanisms to make these facilities more climate resilient.

### Initiatives to promote greater environmental responsibility

We have in place programmes across all markets to drive the use of recyclable materials, adopt energy-saving LED lighting, solar panels and 3R programmes.

We have worked with our suppliers to launch environmental initiatives around areas such as route optimisation and packaging innovation. As an example, we have signed long-term contracts that include clauses with our critical transport suppliers to undertake proactive route optimisation and capacity efficiency programs, and with our critical packaging suppliers to using recycled and reused materials.

#### CASE STUDY: DRIVING SUSTAINABLE ROAD FREIGHT BY JOINING GREEN FREIGHT ASIA



In line with our commitment to lower our carbon footprint, Zuellig Pharma joined [Green Freight Asia \(GFA\)](#) in 2019 as a certified member. An industry-led network focused on driving sustainable road freight within Asia Pacific, GFA focuses on helping companies and their suppliers work towards greener fleet practices. Teams across several markets have taken part in GFA-hosted forums and eco-driving trainings to improve fuel efficiency and reduce carbon emissions. We hope to engage suppliers on this journey in the upcoming year.

### Encouraging the development and diffusion of environmentally-friendly technologies

Our innovative [eZCooler packaging solution](#) is reusable and 100% recyclable, minimising our environmental impact. In line with our mission of making healthcare more accessible, eZCooler ensures the integrity of temperature-sensitive products to the last mile of transportation. Through integration with digitised temperature monitoring technology, we are able to minimise the risk of cold chain breaks by maintaining product temperature for up to five days, mitigating risk from supply chain delays or changes in the external environment.

## MEASUREMENT OF OUTCOMES

As this is Zuellig Pharma's first Communication on Progress, we have shared the following baseline indicators to report on yearly, with an accompanying target for 2020:

Key Performance Indicator	2019 baseline	2020 target
<b><i>Energy and emissions</i></b> <ul style="list-style-type: none"> <li>▪ Percentage of markets who have implemented green campaigns for employees</li> <li>▪ Percentage of sites that have LED lamps installed</li> </ul>	100% 83%	100% 100%
<b><i>Environmental management</i></b> <ul style="list-style-type: none"> <li>▪ Percentage of sites that have undergone an environmental risk assessment</li> <li>▪ Percentage of employees trained on environmental issues</li> </ul>	25% 50%	100% 100%
<b><i>Sustainable Procurement</i></b> <ul style="list-style-type: none"> <li>▪ Percentage of procurement staff trained on sustainable procurement</li> <li>▪ Percentage of entities with an assigned sustainable procurement owner</li> <li>▪ Percentage of spend covered by either sustainability due diligence questionnaire</li> <li>▪ Percentage of existing suppliers by spend who have acknowledged supplier code of conduct</li> </ul>	100% 100% 20% 20%	100% 100% 45% 45%

In addition, we intend to track the following environmental key performance indicators, with an aim to set challenging but achievable targets within a year. Where applicable, these indicators have been identified to align with GRI Standards and other international guidelines.

Key Performance Indicator
<b><i>Energy and emissions</i></b> <ul style="list-style-type: none"> <li>▪ Energy consumption (electricity)</li> <li>▪ Renewable energy consumption (electricity)</li> <li>▪ Non-renewable energy consumption (electricity from oil, gas or coal)</li> <li>▪ CO2 emissions (Scope 1 and 2)</li> <li>▪ Percentage of sites that have photovoltaic systems installed</li> </ul>
<b><i>Sustainable Procurement</i></b> <ul style="list-style-type: none"> <li>▪ Percentage of supply from sustainable sources</li> <li>▪ Percentage of sustainable procurement initiatives implemented</li> <li>▪ Sustainability clauses in new supplier contracts by value</li> <li>▪ Percentage of suppliers with a supplier sustainability development programme by value</li> <li>▪ Percentage of procurement staff who have sustainability procurement performance objectives</li> </ul>

# ANTI-CORRUPTION

**Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery**

## COMMITMENT

Zuellig Pharma's rich business tradition in Asia has been fostered over decades of service to our partners and healthcare stakeholders, built upon the unwavering integrity of our employees and suppliers. Our important role in the healthcare industry demands that we uphold the highest ethical standards in all aspects of our business, particularly regarding anti-bribery and corruption. Our commitment to these standards is a fundamental ingredient of business success, and the cornerstone of our unrivalled reputation for trust, transparency and service quality.

Zuellig Pharma takes a firm and uncompromising stance against all forms of corruption. We are committed to ensuring all interactions with clients, partners, suppliers and government are conducted with openness and transparency and in strict compliance with anti-corruption laws.

## MANAGEMENT SYSTEMS

**Setting the Highest Standards of Integrity** is a key pillar upon which Zuellig Pharma's sustainability strategy is founded on, which includes the material issue of Anti-Bribery and Corruption. We have a robust Anti-Bribery and Corruption (ABAC) programme in place to prevent, detect and respond to any instances or risks related to bribery and corruption. This programme ensures that we conduct our business in accordance to all relevant ABAC laws and industry code of ethics.

Our [Code of Conduct](#), **Conflicts of Interest Policy**, **Anti-Corruption Policy**, **Interactions with Healthcare Providers Policy**, **Gifts and Entertainment Policy** and **Third Party Anti-Corruption Due Diligence Policy** set out how we maintain anti-corruption standards at Zuellig Pharma. These policies are reviewed on a regular basis to ensure compliance to the latest international standards. Should we identify any risks related to anti-corruption, we will take the necessary steps to mitigate these risks to the greatest possible extent possible.

There are compliance officers in all markets to ensure our employees act according to the highest ethical standards and abide by the Code of Conduct and anti-bribery policies.

At our request, critical suppliers sign a code of conduct that includes an expectation to uphold the right ethical standards and strict compliance with all applicable anti-corruption laws and regulations.

Zuellig Pharma has in place a **Speak Up policy** and **Speak Up communications channels** to enable employees, suppliers and third parties to report any suspected or occurring violations of the Zuellig Pharma Code of Conduct or other Zuellig Pharma policies. The [hotline and websites](#) are operated by Navex, an independent third party, and allow reports to be submitted anonymously and confidentially. These channels are available 24 hours a day, 7 days a week in the local languages of the countries which we operate. We have a strict no-retaliation policy for anyone who submits a report in good faith.

## ACTIVITIES

**Ongoing oversight and monitoring** – A dedicated compliance team conducts regular audits to identify any risks or incidents that may arise around anti-bribery and corruption. We conduct due diligence and training of all third-party suppliers to ensure that they too will uphold the highest ethical standards. All managers have a compliance scorecard linked directly to their overall performance, that cover areas around anti-bribery and corruption.

**Training and communications** – Compulsory trainings are conducted annually for all employees in the form of e-learning and face-to-face modules. Anti-corruption messages are communicated extensively within the organisation through our onboarding process, regular internal updates, posters and roadshows across all our markets.

### CASE STUDY: COMPLIANCE WORKSHOPS



Annual compliance workshops are conducted for local teams to ensure consistent ethical standards across all our markets, keep updated on global anti-bribery related developments, and share best practices between teams.

## MEASUREMENT OF OUTCOMES

As this is Zuellig Pharma’s first Communication on Progress, we have shared the following baseline indicators to report on yearly, with an accompanying target for 2020:

Key Performance Indicator	2019 baseline	2020 target
<ul style="list-style-type: none"> <li>▪ Percentage of employees trained in Zuellig Pharma’s anti-corruption policies and procedures</li> </ul>	100%	100%
<ul style="list-style-type: none"> <li>▪ Percentage of markets where anti-bribery programme has been implemented</li> </ul>	100% <i>adopted compliance programme</i>	100% <i>to adopt enhanced compliance programme that aligns with ISO37001</i>
<ul style="list-style-type: none"> <li>▪ Number of incidents related to corruption</li> </ul>	0	0
<ul style="list-style-type: none"> <li>▪ Percentage of markets that have obtained ISO 27000</li> </ul>	75%	100%

**Partner with Zuellig Pharma on our Sustainability agenda and join us in making healthcare more accessible for all.**

**Reach out to our Sustainability team at [Sustainability@zuelligpharma.com](mailto:Sustainability@zuelligpharma.com) if you would like to contribute towards a healthier future for communities in Asia.**



# APPENDIX

## 1.1 ZUELLIG PHARMA SUSTAINABILITY FRAMEWORK

