



**United Nations Global Compact
Communication on Progress**

2020

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MESSAGE FROM OUR CEO

2020 has challenged the world in many ways, with the impact of COVID-19 being felt in all the 13 communities we serve. I stepped into my new role as CEO during this unprecedented time where our mission of making healthcare more accessible was more pressing than ever.

As we continue in the global fight against COVID-19, sustainability remains paramount to Zuellig Pharma. We will uphold the principle of sustainability by considering positive outcomes for future generations while meeting immediate stakeholder needs. We have laid a firm foundation with the development of a sustainability framework that outlines four key impact pillars. Having joined the **United Nations Global Compact** and published our first Communication on Progress in 2019, we continue to build on our commitment to support sustainable development and actively work towards our vision of building a healthier future for Asia.

It has truly been a year of impact amidst the challenging times. We achieved the **EcoVadis Silver Medal 2020** for our sustainability efforts, placing us among the top 3% of companies in our industry assessed by the sustainability ratings specialist. Significantly, we have aligned our UN Communication on Progress reporting timeline with the launch of our very first **Sustainability Report aligned with Global Reporting Initiative (GRI)**. This allows us to set more tangible and trackable key performance indicators within the measurement section of this Communication on Progress.

This has also been a year of firsts: Our inaugural **Sustainability Month** in November saw over 7,000 employees celebrate sustainability in action by participating in future-focused activities around each sustainability pillar. These were reinforced by **World Quality Day** and **Safety Week** initiatives which united our workforce behind these two important material issues. We also welcomed the active involvement of our suppliers in our first-ever **Supplier Sustainability Awards** held in conjunction with Sustainability Month. Our people are the heart of Zuellig Pharma, and I am glad to witness an immense passion and enthusiasm for sustainability within the organisation.

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

We remain firmly committed to supporting the Global Compact and implementing its Ten Principles within our business. Our *Communication on Progress* outlines Zuellig Pharma's commitments, management systems and activities in the areas of human rights, labour, environment and anti-corruption. We recognise that sustainability is a journey and are committed to developing challenging but pragmatic targets for these indicators to achieve our goals.

We are 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 Graham
Chief Executive Officer
Zuellig Pharma

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 via our Supplier Development Programme.

ACTIVITIES

Zuellig Pharma's *Speak Up communication channels* provide confidential channels with hotlines and websites operated by an independent third party that allow 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

In conjunction with our inaugural GRI Sustainability Report, we have redefined the key performance indicators around Diversity and Inclusion, as well as Workplace Health & Safety for more aligned reporting.

This can be found below and within Pg 37 to 38 of our [Sustainability Report](#).

Diversity & Inclusion

| KPI | 2020 |
|--------------------------------------|--|
| Percentage of employees by gender | Male: 51.96% Female: 48.04% |
| Percentage of employees by age group | Under 30 years: 30.43% 30 – 50 years: 62.23% Above 50 years: 7.33% |

Workplace Health & Safety

| KPI | 2020 | 2021 Target |
|--|-------|-------------|
| No. of Markets with Health & Safety procedures in place | All | All |
| No. of Markets with Stress & Noise Measures in Place | 3 | 12 |
| No. of Markets who have attained a Health & Safety Management Certification | 1 | 3 |
| Percentage of markets who have done a Health & Safety Risk Assessment or Audit | 100% | 100% |
| No. of employees who have completed workplace health and safety trainings | 4,464 | 11,000 |
| No. of high-consequence work-related injury | 2 | 0 |
| No. of recordable work-related injuries | 8 | 0 |
| Lost-time injury frequency rate | 0.42 | 0 |

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.
- **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 had a workshop on forced labour 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

In conjunction with our inaugural GRI Sustainability Report, we have redefined our labour key performance indicators for more aligned reporting. This can be found below:

| KPI | 2020 | 2021 Target |
|--|-------------------------------|-------------------------------|
| Number of incidents of discrimination and corrective actions taken | 0 incidents of discrimination | 0 incidents of discrimination |

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 acknowledge our [Supplier Code of Conduct](#) that includes an expectation to operate in an environmentally friendly manner and in strict compliance with all applicable environmental laws and regulations.

ACTIVITIES

A precautionary approach to environmental challenges

We operate in accordance with 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 tracking of GHG emissions 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: OUR NEW GHG STRATEGY

This year, we have embarked on an in-depth analysis of our Scope 1, Scope 2 and Scope 3 emissions, as well as reviewed the overall energy consumption across our various sites of operations. We have included, in our computation of greenhouse gas (GHG) emissions, fuel consumption from vehicles that we lease and own, as well as facilities that we lease and own.

For energy consumption, we have included energy consumed from non-renewable sources, such as fuel and electricity, and energy consumed from renewable sources such as solar energy generated from our sites in Taiwan and Vietnam.

Following this analysis, we are now in a position to build energy consumption projections over the next years and therefore quantify the investment that would be required for us to hit scope 1 and scope 2 carbon-neutrality, for internal alignment and approval, in order to set a carbon-neutrality target.

These investments will focus on a transition towards solar energy in all the sites where this is technically possible, an enhancement of our route optimization systems and of our fleet, to progressively improve our delivery energy efficiency, an investment in IT infrastructure to limit its carbon impact and allow for a reduction of business traveling, and the implementation of a consistent set of practices to reduce our overall energy consumption.

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, the eZCooler solution 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

In conjunction with our inaugural Greenhouse Gas Emissions Report and GRI Sustainability Report, we have redefined the key performance indicators around the environment for more aligned reporting. This can be found below and within Page 44 to 49 of our [GRI Sustainability Report](#).

Summary of Zuellig Pharma's Energy Consumption and Greenhouse Gas Emissions

| KPI | 2020 ¹ |
|--|---|
| Fuel consumption from non-renewable sources (diesel and petrol) | 123,662,239 MJ |
| Energy consumption from electricity | 303,162,973 MJ |
| Energy consumption from renewable sources | 9,229,373 MJ |
| Total energy consumed (in million joules, MJ) (fuel, electricity & renewable) | 436,054,585 MJ |
| Energy intensity (includes fuel, electricity and renewable energy) | 0.16 MJ/piece <i>*based on no. of pieces of goods delivered</i> |
| Scope 1 GHG emissions (kgCO₂e) | 9,217,520 |
| Scope 2 GHG emissions (kgCO₂e) | 51,337,848 |
| Total Scope 1 & 2 GHG emissions | 60,555,369 |
| Average Scope 1 & 2 GHG emissions intensity per piece (kgCO₂e / piece) | 0.022 |
| Scope 3 GHG emissions (kgCO₂e) | 49,853,904 |

** based on average per piece of goods delivered to our customer of Scope 1 & 2 emissions*

Scope 1 and 2 emissions are computed based on actual energy consumption factored by energy mix specific to each country, using an operational control consolidation approach.

Scope 3 emissions include our downstream transportation and distribution and is computed using a spend-based approach for our 3rd party logistics spend (Scope 3 Evaluator online tool by GHG Protocol and Quantis)

Emission factors for fuel were sourced from GHG Protocol Emission Factors for Cross Sector Tools (March 2017)

Grid Emission Factors for Singapore, Taiwan and Hong Kong were obtained from country specific energy market authorities: Singapore Energy Market Authority, Taiwan - Bureau of Energy, Ministry of Economic Affairs, Hong Kong - CLP Power Hong Kong.

Grid Emission Factor for Myanmar was sourced from European Investment Bank. (Pg.33)

Grid Emission Factors for other countries were sourced from Institute for Global Environmental Strategies (2019). List of Grid Emission Factors, version 10.7.

In our last Communication on Progress, we set a target for us to start tracking GHG emissions and align reporting to GRI Standards. We have progressed on this journey by building our first GHG report. We are working closely to set ambitious but realistic roadmaps for the upcoming years and will update in our next Communication on Progress.

¹ Data reported covers the period January 2020 to September 2020.

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 bribery and 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, which includes the material issue of Anti-Bribery and Corruption. We have a robust Compliance Programme which includes an Anti-Bribery and Corruption (ABAC) framework 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 & Anti-Bribery Policy](#), [Interactions with Healthcare Providers Policy](#), [Gifts & Hospitality 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 will need to acknowledge our Supplier 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, in local languages where applicable. Anti-corruption messages are communicated extensively within the organisation through our onboarding process, regular internal updates, posters and roadshows across all our markets.



MEASUREMENT OF OUTCOMES

In conjunction with our inaugural GRI Sustainability Report, we have redefined the key performance indicators around anti-corruption for more aligned reporting. This can be found below:

| Total number of employees who have been trained and received communications at country level on anti-corruption policies and procedures | Senior Management | Middle Management | General Staff |
|---|-------------------|-------------------|---------------|
| | 173 | 3,543 | 8,313 |

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 if you would like to contribute towards a healthier future for communities in Asia.

APPENDIX

1.1 Zuellig Pharma Sustainability Framework

PURPOSE
Making Healthcare More Accessible

SUSTAINABILITY VISION
Building a healthier future for Asia with our Clients & Customers

Improving Health Outcomes



- Access to Healthcare
- Affordability
- Community Engagement
- Preventative Care
- Enabling Healthcare Professionals

Nurturing Talent



- Talent Recruitment, Development & Retention
- Workplace Health & Safety
- Employee Wellbeing
- Employee Engagement
- Diversity & Inclusion

Respecting The Environment



- Climate Resilience
- Climate Change Mitigation & Energy Efficiency
- Responsible Waste Management
- Environmental Compliance



Setting The Highest Standards Of Integrity

- Product Quality & Security
- Data Privacy & Security
- Counterfeit Products
- Public Policy
- Parallel Trade
- Responsible Sourcing
- Bribery & Corruption
- Responsible Sales & Marketing

1.2 2020 GRI Sustainability Report ([Link](#))



1.3 2020 Sustainability Policy ([Link](#))

