PFSCM’s Quality Management System has been certified to ISO 9001:2015 Quality Management System Standard by UL DQS Inc. Ref Registration # 10012936 QM15

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PFSCM ANNUAL REPORT

2022
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In 2022, PFSCM truly hit its stride. Our organization continued to grow and diversify, and on all fronts, our work was productive and rewarding.

In the last year, we managed the procurement of more than $429 million worth of lifesaving health products used to prevent, detect and treat HIV, malaria, tuberculosis (TB), COVID-19, and more. We served 91 countries and delivered 3,069 shipments to some of the most challenging destinations on the planet.

We were able to ensure a high level of service during the last year even when faced with many challenges; lingering COVID-19 issues, the effects of the war in Ukraine, and the precarious economy. We could not have achieved this without our dedicated staff, encouraging clients, supportive partners, and parent company. We would like to thank all of you wholeheartedly for standing together as a community in the fight to end epidemics.

We are especially thankful for our main client, the Global Fund to Fight AIDS, Tuberculosis and Malaria, who demonstrated their ongoing confidence in us by again extending our contract as an official procurement services agent for medical devices. We have proudly been serving the Global Fund for more than a decade now, and we are honored to continue to support the Global Fund in its mission to end epidemics.

In addition to our work for the Global Fund, in 2022, we also secured contracts with new clients like Medicines for Malaria Venture (MMV). MMV appointed us to manage the operational supply process for tafenoquine and the G6PD analyzers for the new Partnership for Vivax Elimination (PAVE) program.

Further, in 2022, we continued our digital transformation journey. We focussed on data management and made excellent progress in connecting our systems with that of our external stakeholders, enabling safe and reliable data exchange, which is essential in creating an entirely digital health supply chain.

We also maintained our ISO 9001:2015 certified Quality Management System, and we passed our annual surveillance audit, which was undertaken by the German Institute for Audits and Certifications of Management Systems (Deutsche Gesellschaft zur Zertifizierung von Managementsystemen [DQS Med GmbH]) in October 2022.

Meanwhile, in 2022 we published our Sustainability Strategy. The strategy helps us to take tangible actions to better measure and understand the environmental and social impact of our operations.

Our strategy covers three main areas: mitigating the environmental impact of our operations, ensuring the equity and well-being of our staff and communities in which we operate, and operating with the highest standards of ethical behavior and transparency.

In April 2023 we will publish a report on how we fared in achieving our sustainability goals and will put forth our sustainability plans for the next few years.

We ended the year on a high note and look forward to a productive year ahead. In 2023, we will continue to grow, diversify and work more digitally, but most importantly, we will continue to take the utmost care in overseeing some of the most fragile and important health supply chains in the world.

Edward Wilson
PFSCM Director
Established in 2005, PFSCM is an ISO 9001:2015 certified non-profit supply chain services provider. We solve complex procurement and distribution challenges enabling donors, non-profit organizations, humanitarian agencies, and pharmaceutical companies to safely and cost-effectively source and deliver high-quality health products to low- and middle-income countries (LMICs).

As a procurement services agent (PSA) we specialize in prevention, testing, and treatment products for the following disease groups and health areas: COVID-19, HIV/AIDS, malaria, tuberculosis (TB), reproductive health, family planning, and maternal and child health.

We offer complete strategic sourcing, supply chain, and 4PL solutions, including forecasting, demand planning, product quality assurance and quality control testing, upstream and last-mile logistics, end-to-end shipment tracking, and storage and warehousing.

In the last ten years, across all clients, we transacted more than $6.6 billion worth of orders for pharmaceuticals and medical devices such as diagnostic products used in COVID-19, HIV, TB, and malaria testing. In the same period, we served 122 countries and delivered 38,110 shipments.

In 2009, PFSCM was selected as a PSA for the Global Fund’s Pooled Procurement Mechanism (PPM). The Global fund is a major financing institution in the fight against HIV, TB and malaria in 140 countries. PFSCM was awarded new contracts with the Global Fund in 2013 and 2019. The Global Fund is PFSCM’s largest client, and we are one of their main PSAs.

PFSCM demonstrates our commitment to customer satisfaction and service excellence through our ISO 9001:2015 certified Quality Management System (QMS). Our QMS guides us in continuously improving our work to deliver cost-effective, environment-friendly, and enduring supply chain solutions.
We strengthen supply chains and improve access to health products through managing the procurement of millions of dollars’ worth of health products for hundreds of low- and middle-income countries; and delivering thousands of shipments every year.

**IMPACT FIGURES 2022**

**IN 2022**

- **$429 million** worth of health products procured.
- **91** countries served.
- **3,069** shipments delivered.

**SINCE 2020**

- **$1.27 billion** worth of health products procured.
- **110** countries served.
- **6,909** shipments delivered.

**SINCE 2012**

- **$6.6 billion** worth of health products procured.
- **122** countries served.
- **38,110** shipments delivered.
2022 HIGHLIGHTS: growing, diversifying and working digitally

STAFF AND LOCATIONS
In 2022, our staff complement grew by 25 percent, and our now 144-person strong team boasts more than 55 nationalities. Our diverse staff brings with them unique experience and insights into business practices and customs of various countries, and multilingual work means we are serving our clients in their preferred language. Our staff are based in various locations like, South Africa, Zambia, Nigeria, the United Kingdom, various states in the US, and the Netherlands. From these locations, we can optimally serve an international group of clients.

PANDEMIC PREPAREDNESS
Apart from meeting the expectations of our current and new clients, we also listened to the changing needs of in-country recipients and ensured that we remain agile and flexible. Countries are shifting from pandemic response to pandemic preparedness and ramping up their diagnostics infrastructures, enabling them to quickly and accurately identify new potential health threats. For PFSCM, too, pandemic preparedness is an important focus area. We expanded our expertise, service offering, and product portfolio to include turnkey solutions for advanced laboratory equipment as well as waste management systems. We also deepened our knowledge of Next Generation Sequencing and mapped the key considerations for procuring and delivering sequencing equipment. In the last year, we proactively engaged and closely supported recipients to minimize the complexities involved in ordering and shipping capital equipment, expensive laboratory equipment, and time and temperature-sensitive consumables.

DIGITAL TRANSFORMATION
In 2022, we continued our digital transformation journey. We focussed on data management and made excellent progress in connecting our systems with our external stakeholders enabling safe and reliable data exchange, which is essential in creating an entirely digital health supply chain.

We successfully released a new Enterprise Data Warehouse to ease development and maintenance while creating a solid foundation to improve, connect and streamline our processes.

We also enhanced our processes for managing health product master data in alignment with external partners. We joined the Global Data Synchronization Network, a worldwide network of interoperable certified master data pools connected by the GS1 Global Registry.

In addition, we adopted and harmonized new best-in-breed systems and leveraged these to streamline communication with our extensive supplier base, collect industry information needed to develop secure sourcing strategies, and create a variety of product catalogs that can be updated in real-time.

Meanwhile, on the logistics side, we digitized too by adopting real-time data loggers, which automatically transmit data periodically without human intervention.
SOURCING AND PROCUREMENT

Overall, 2022 was highly productive from a sourcing and procurement perspective. We procured more than $429 million in health products for 91 countries, onboarded more than 60 new suppliers bringing our supplier network to more than 250, and added thousands of new products to our offering.

Further, we continued to expand our regional supplier base to procure closer to demand. This is a key strategic activity to reduce risk and minimize the carbon footprint of supply chain activities; it also helps to uplift local manufacturers and suppliers and stimulates small economies.

In addition, we floated tenders, extended indefinite quantity contracts with suppliers, and combined orders to ensure best value, best quality products, and services are available to our clients. These activities, combined with price negotiations, delivered $43 million in procurement savings in 2022.

Products procured most in 2022 included malaria, HIV, and COVID-19 test kits, reagents for analyzers, imaging equipment, analyzers and laboratory equipment, and antiretrovirals.

HEALTH LOGISTICS

In the health and humanitarian logistics space, the allocation and management of shipments is a unique and often complicated task varying from high-volume and fairly standard to low-volume and quite complex shipments. Already intricate logistics tasks are further complicated by ever-changing social, political, and economic conditions in many of the LMICs served.

Early in 2022, we encountered severe freight market turbulences such as total airspace closures, continuing lockdowns, reefer container and labor shortages, and soaring freight costs. Disruptions once considered real exceptions have become the new normal operating climate for logistics service providers.

Despite these challenges, in the last year, we delivered 3,069 shipments, many of which were time and temperature-sensitive and cold chain shipments that require the utmost handling care. The top countries shipped to in terms of the value of goods included Malawi, Uganda, Tanzania, Nigeria, and Mozambique.

We also saved an estimated $1.4 million in freight costs by taking a tailored approach to shipment planning. Large shipments are evaluated, optimized, and may be staggered, split, consolidated, or repalletized to ensure the most economical solutions and environmentally friendly modes of transport are pursued within reasonable lead times.
NOTABLE ORDERS AND SHIPMENTS 2022

Benin
- First delivery of Next Generation Sequencers.
- Two Illumina sequencers.
- Complex shipment of mixed time and temperature sensitive goods, all with their own special requirements.
- Read more...

Democratic Republic of the Congo
- Syringes delivered despite sudden changes to product registration requirements.
- Quick action and stakeholder collaboration ensure orders were not cancelled and health services not interrupted.
- Read more...

Haiti
- Staggered deliveries on urgent order of DBS test kits.
- Preclearance of cold chain goods, and customs clearance while in storage.
- Special supply chain support to manage risk in uncertain times.
- Read more...

Central African Republic
- Warehouse fire, Red Zone, and flight cancellations prompted rapid revision of standard supply chain execution.
- Determine what products were needed to replace the lost goods, how to best deal with orders in the pipeline, how to find appropriate storage space for the goods underway.
- Revised, postponed and expedited orders to ensure uninterrupted health services.
- Read more...

Guinea
- Manage complex HS code change to match recipient with grant.
- Navigate abrupt lockdowns in China.
- Manage product pack out coolant replenishment.
- Prevent product waste and patient care disruptions.
- Read more...

Nigeria
- 2.4 million HIV test kits.
- Worth more than $2.2 million.
- Exceptionally quick delivery, thanks to stakeholder relationships and accountability.
- Quick IDEC waiver processing by PR.
- Read more...

Pakistan
- Large, urgent orders of MRDTs.
- Trade restrictions on imports from India, production delays and reefer container shortages.
- 8.5 million kits/14 reefer containers/95 metric tons by ocean, another 11 tons by air.
- Supplier lead time reduced.
- Read more...

Top Countries in 2022
(based on value of lifesaving products procured)

<table>
<thead>
<tr>
<th>Country</th>
<th>Value of health products procured</th>
<th>Shipments received</th>
<th>Different kind of products ordered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawi</td>
<td>$48 million</td>
<td>207</td>
<td>238</td>
</tr>
<tr>
<td>Uganda</td>
<td>$45 million</td>
<td>191</td>
<td>349</td>
</tr>
<tr>
<td>Tanzania</td>
<td>$36 million</td>
<td>48</td>
<td>34</td>
</tr>
<tr>
<td>Nigeria</td>
<td>$32 million</td>
<td>82</td>
<td>259</td>
</tr>
<tr>
<td>Mozambique</td>
<td>$31 million</td>
<td>74</td>
<td>86</td>
</tr>
</tbody>
</table>
Sustainability is essential to achieving our mission to improve the health and well-being of people in low- and middle-income countries through equitable access to quality and affordable health products.

Last year was a remarkable year for sustainability within PFSCM. We deepened our understanding of the health supply chain sustainability issues that affect us, our clients, and ultimately patients dealing with COVID-19, HIV, tuberculosis, and malaria, we compiled a Sustainability Strategy to guide our ESG activities, and we submitted our biennial Communication on Engagement (CoE) to the UN Global Compact.

PFSCM SUSTAINABILITY STRATEGY

Our Sustainability Strategy to help us take tangible actions to reduce, measure and understand the environmental and social impact of our operations.

Our approach to sustainability is built on three mutually reinforcing Strategic Objectives (SOs) that encompass our commitments to positive Environmental, Social, and Governance (ESG) impacts.

STRATEGIC OBJECTIVE 1: MITIGATE THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS

- Measure, report, and actively reduce CO₂ emissions from our logistics operations.
- Implement sustainable procurement practices to reduce emissions and waste in our value chain.
- Measure, report, and actively reduce CO₂ emissions and waste from PFSCM's internal operations.

STRATEGIC OBJECTIVE 2: ENSURE THE EQUITY AND WELL-BEING OF PFSCM’S STAFF AND COMMUNITIES IN WHICH WE OPERATE

- Promote and ensure equity, diversity, and inclusion (EDI) in our workforce and operations.
- Promote and uphold the well-being and development of our staff.
- Ensure fair labor practices are adhered to throughout our value chain.
- Promote economic growth and sustainability in the communities in which we operate.

STRATEGIC OBJECTIVE 3: OPERATE WITH THE HIGHEST STANDARDS OF ETHICAL BEHAVIOR AND TRANSPARENCY

- Operate with integrity in all operations.
- Operate with full transparency for our stakeholders.

In April 2023, we will publish a report on how we fared in achieving our sustainability goals and will put forth our sustainability plans for the next few years.

Read our Sustainability Strategy here...
UN GLOBAL COMPACT 2022

In 2022, PFSCM expressed our continued support for the UN Global Compact and renewed our commitment to the initiative by submitting our biennial CoE. We made good progress in further aligning our organization with the UN Global Compact’s Ten Principles, and we look forward to continuing our journey to becoming an even more responsible and caring organization.

Since our last CoE submission, we have refined many of the new policies, and we have added a new policy on Equity, Diversity, and Inclusion (EDI). The EDI policy describes why we value staff diversity and alludes to the practical actions taken in people management to create a work environment that reinforces these principles.

Further, we also initiated several activities to reduce our climate footprint. On the logistics front, we refined our Load Optimization tool to ensure cargo space is used optimally, we started using data loggers in our cold chain shipments, and we actively engaged with the Smart Freight Centre’s Global Logistics Emissions Council (GLEC) for emissions tracking.

In addition, on the procurement front, we implemented a Supplier Relationship Management (SRM) system that gives us more visibility into the sustainability practices of our suppliers. We are also using the system to undertake a supplier sustainability survey with all our suppliers.

The survey results will help us better understand the sustainability priorities of our suppliers and will enable us to meet the requirements for ISO:20400 standards in Sustainable Procurement.

Also worth noting is that supplier sustainability factors are now part of our sourcing strategy and part of the criteria used to evaluate the suitability of a supplier. We also defined our local sourcing strategy which is a key component in transforming health supply chains into sustainable and self-sufficient mechanisms.

Read our 2022 CoE here...

CIRCULAR ECONOMY FOR MEDICAL DEVICES

In 2022, we started investigating circular economy practices and guidelines that can be adopted to help countries make better procurement decisions, such as opting for energy-efficient, reusable and/or recyclable products, greener health care waste management solutions, refurbished options, buying closer-to-demand, choosing widely compatible equipment, and securing affordable and sensible maintenance, warranty and training plans for medical equipment.
The Global Fund to Fight AIDS, Tuberculosis and Malaria Pooled Procurement Mechanism

In 2009, 2013, and again in 2019, PFSCM was contracted as a procurement services agent (PSA) for the Pooled Procurement Mechanism (PPM) of The Global Fund to Fight AIDS, Tuberculosis and Malaria. The Global Fund is a major financing institution in the fight against HIV, tuberculosis (TB), and malaria in 140 countries.

We source, procure and deliver quality-assured health products to prevent and detect COVID-19, HIV, TB, and malaria, among other diseases. For PPM specifically, we specialize in viral load and early infant diagnostics, laboratory and medical supplies, and medical equipment and devices. We support the Global Fund with various specialized activities and services, such as developing and implementing Product Quality Assurance policies, supplier prequalification programs, and even developing and implementing warehousing solutions.

Since 2019, PFSCM has been contracted by the Global Fund to execute additional supply chain and sourcing services to help countries resolve procurement bottlenecks, overcome supply chain management challenges, and to facilitate timely access to complex medical equipment such as Next Generation Sequencing (NGS) machines, X-ray machines, and waste management platforms as well as diagnostic tests. The COVID-19 pandemic extended our scope to diagnostics and related supplies for the detection of SARS-CoV-2.

Over the last 10 years (since 2009), we have procured more than $3.9 billion in health care products and delivered more than 17,700 shipments to 91 countries for the Global Fund, making the Global Fund our largest client.

Over the years, PFSCM has invested in various technologies and tools to optimize our service offering for the Global Fund. Technologies include a world-class One Network Control Tower, which digitizes, automates, and integrates our data warehouse and financial and operational systems for streamlined execution.
Medicines for Malaria Venture’s Partnership for Vivax Elimination program

In 2022, PFSCM was appointed as a procurement services agent (PSA) for the new Partnership for Vivax Elimination (PAVE) program, which was launched in July 2021.

The PAVE program is led by Medicines for Malaria Venture (MMV) and PATH, and will support countries in the elimination of P.vivax – a complex and persistent type of malaria that poses a risk to more than one-third of the world’s population.

MMV and other PAVE partners in a joint release explained that P. vivax accounts for between 5.9 and 7.1 million estimated clinical cases every year, and is the most common type of malaria outside of sub-Saharan Africa. It presents a major challenge to achieving global malaria targets because of the difficulties in eliminating hypnozoites, a form of the parasite that remains in a person’s liver even after successful blood-stage treatment, leading to malaria relapses and contributing significantly to transmission.

The report further explains that effectively tackling P. vivax requires treating both the blood- and liver-stages of infection — this approach is known as radical cure. MMV explains that PAVE works closely with the WHO, National Malaria Control Programmes, and country-based partners to support the introduction and use of effective diagnostics and treatments for P. vivax malaria.

This includes shorter-course primaquine and single-dose tafenoquine liver-stage treatments, and better point-of-care glucose-6-phosphate dehydrogenase (G6PD) diagnostics needed to identify patients that are at risk of having adverse reactions to the class of drugs currently used for liver-stage treatments. Patients with the genetic disorder known as G6PD deficiency need to be screened because they are at risk of developing haemolytic anaemia when taking these drugs.

In its role as PSA, PFSCM will manage the operational supply process for tafenoquine and the G6PD analyzers. This entails product registration, procurement, quality assurance, and delivery of the products to PAVE program countries. This year, the first deliveries will be made to Papua New Guinea and Peru.
Bill & Melinda Gates Foundation: prime vendor system for MNCH devices

PFSCM undertook a project in two sub-Saharan African countries on behalf of the Bill & Melinda Gates Foundation. The project was aimed at addressing limitations identified with the procurement and distribution of Maternal, Newborn, and Child Health (MNCH) devices.

The project was designed to explore the feasibility of establishing a prime vendor system (PVS) that addresses bottlenecks in the supply and demand sides of the market by working with distributors (prime vendors) and procurers in these countries. The PVS targets a select list of MNCH devices, improving access at guaranteed pricing.

To increase access (supply), a PVS aggregates demand for MNCH devices across countries, conducts global supplier selection, establishes framework agreements with global suppliers, and creates a catalog for devices, services, and consumables, that enables local distributors to benefit from regional scale.

PFSCM undertook a rigorous market assessment by engaging with local distributors in target countries and reviewing their quality standards, business maturity, and ability to provide warranty and after-sale services. The assessment also documented current gaps in the supply of the medical devices included in the study and as well as the key bottlenecks and their root causes.

A PVS allows for strategic market shaping, aggregating demand, and setting a standard price with a predefined total cost of ownership. It improves transparency and service offerings of medical device distributors, addresses supply inefficiencies, and improves distributor capabilities to support the device lifecycle.
Janssen Pharmaceutical Companies' New Horizons: Advancing Pediatric HIV collaborative

The New Horizons: Advancing Pediatric HIV collaborative was formed by the Janssen Pharmaceutical Companies of Johnson & Johnson in 2014, with expert input from many stakeholders involved in pediatric HIV care, treatment, and prevention.

The New Horizon program addresses the need for lifesaving third-line antiretroviral drugs in sub-Saharan Africa and least-developed countries (LDCs). The program strengthens the public health system to care for and treat adolescents and children living with HIV.

From the onset, PFSCM has conducted forecasting, order, and shipment processes for recipient program countries. In collaboration with Imperial Health Sciences, PFSCM ensures the timely and secure delivery of Janssen's HIV antiretroviral drugs to these recipient countries.

In 2021, PFSCM ordered and delivered about $20.5 million worth of pediatric HIV medicines for several African countries.

In addition, PFSCM joined Janssen’s stakeholders in recommitting to the program’s second phase, building on six years of progress. The second phase incorporates a monitoring and evaluation (M&E) initiative to maximize the program’s impact.

In collaboration with our parent company, JSI Research & Training Institute Inc, and its affiliates InSupply in East Africa, and JSI Zambia, PFSCM provided on the ground supply chain monitoring and evaluation for the New Horizons Collaborative Countries in sub-Saharan Africa.

The M&E initiative assessed and measured in-country supply chain processes, systems, and performances; and collected data to identify performance gaps.

To conclude the second phase of the program and contribute to its success, PFSCM assisted countries in setting appropriate performance targets and made recommendations for improvements that enabled countries to meet and exceed targets.

Furthermore, PFSCM worked with partners to develop tailored Technical Assistance plans for each country. All the activities were country-led to ensure ownership and sustainability of the program. Combining a pragmatic approach with a system-wide focus provides the most significant impact in both the short and long term.
PFSCM has been serving the Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe (DREAMS) project since 2016. In 2016, Gilead Sciences Inc. granted PFSCM more than $6 million to procure and distribute pre-exposure prophylaxis (PrEP) tablets on behalf of the DREAMS partnership in several sub-Saharan African countries.

The DREAMS program provides a comprehensive, multi-sectoral package of core interventions to address critical factors that make girls and young women particularly vulnerable to HIV.

Since 2014, PFSCM has sourced, quality-tested, and coordinated the delivery of over 680,000 packs of essential HIV-preventing PrEP tablets – enough to treat about 56,515 people a year.

Shipping PrEP to eight African countries, including Botswana, Kenya, Malawi, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. Most recently, South Africa increased its PrEP service points from 49 to over 140.

In 2021, PFSCM shipped almost $300,000 worth of HIV drugs to Zambia, $132,000 to Malawi, and $835,000 to South Africa on behalf of the DREAMS program.

Together in close cooperation with leading freight forwarders, donors, and principal recipients, PFSCM contributes to the continued success of the DREAMS program.

Since the onset, 202,546 young females between the ages of 15-24 have received packs of Emtricitabine/Tenofovir Disoproxil Fumarate 200/300mg (TE).

As the principal procurement agent for the DREAMS program, PFSCM is proud to be part of a program that transforms young women’s lives, supporting them to live more stable and healthier lives.
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2022

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