

PFSCM SUSTAINABILITY STRATEGY 2022–2023



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



JSI RESEARCH & TRAINING INSTITUTE, INC.

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Overview

Sustainability is essential to achieving the Partnership for Supply Chain Management's (PFSCM) 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. We improve access to medicines and health products in these areas while doing our part to ensure a lasting, positive impact on the communities and the environment in which we operate.

As a leader in public health supply chain management, we recognize that climate change, social inequalities and poor governance can erode progress made in the pursuit of efficient health programmes, resulting in poorer health outcomes for the most vulnerable, and lost resources for our customers.

Conversely, by actively addressing and mitigating these challenges, we can leverage our leadership position to avoid negative consequences and contribute to a climate positive, socially just and prosperous future for all.

A commitment to sustainable practices has long been at the heart of our work, as evidenced by our active participation in the UN Global Compact and alignment with relevant UN Sustainable Development Goals (SDGs).

SUSTAINABLE DEVELOPMENT GOALS



Our strategy

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 our internal operations.

13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



Strategic Objective 2

Ensure the equity and well-being of our staff, and communities in which we operate.

- ▶ Promote and ensure equity, diversity and inclusion 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.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



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.

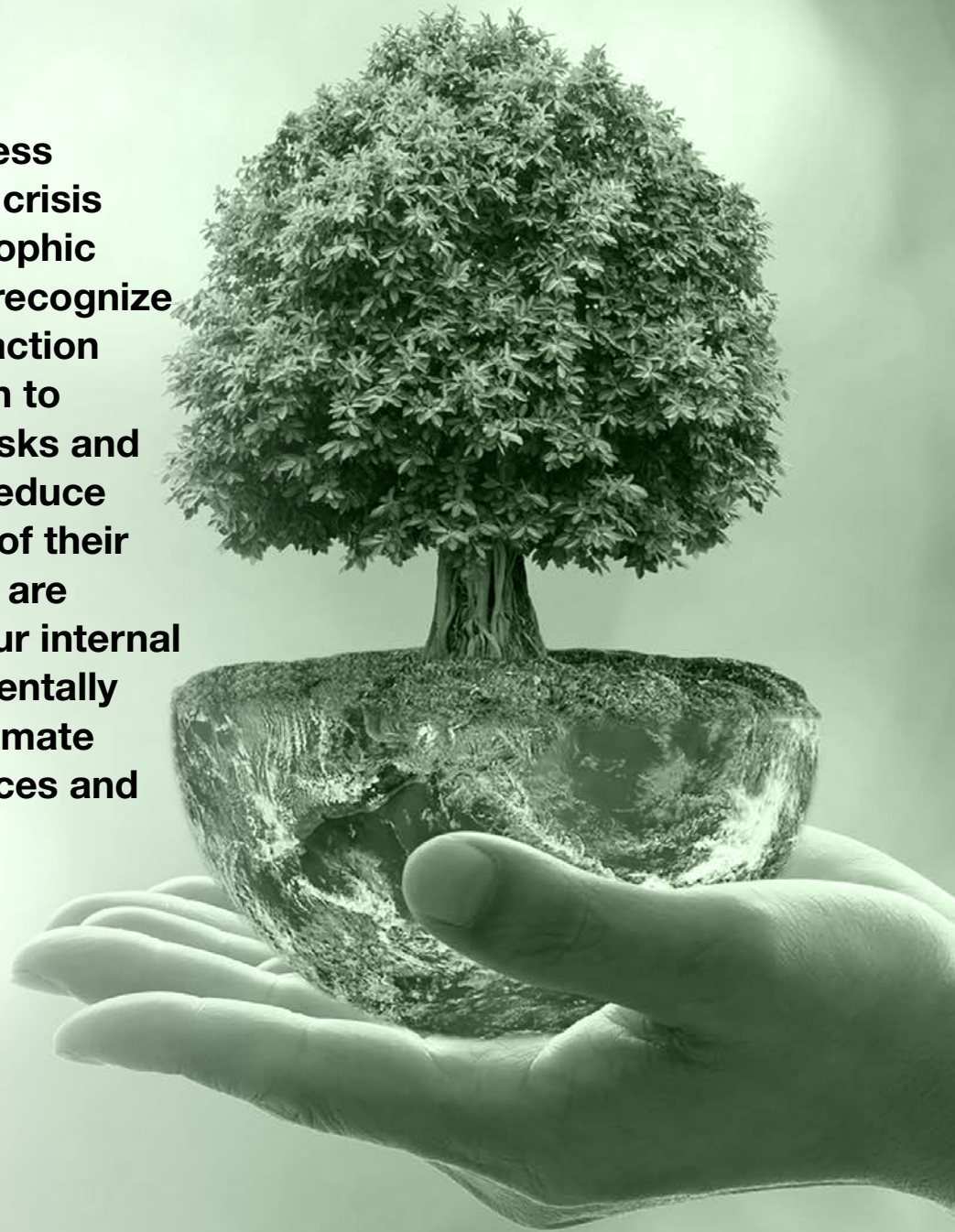
16 PEACE, JUSTICE AND STRONG INSTITUTIONS



S01

Mitigate the environmental impact of our operations

Aggressive action to address the global climate change crisis is needed to avoid catastrophic consequences for all. We recognize our responsibility to take action throughout our value chain to mitigate climate change risks and enable our customers to reduce the environmental impact of their supply chains. Further, we are committed to managing our internal operations in an environmentally friendly way, promoting climate positive actions in our offices and working practices.



13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



ACTION ITEM

We are establishing a baseline of our freight emissions using the GLEC Framework. This informs reduction strategies and targets to be set.

Measure, report and actively reduce CO₂ emissions from our logistics operations

Each year, we manage thousands of shipments to around 100 countries.

As a member of the Global Logistics Emissions Council (GLEC), we are committed to measuring and reporting our emissions data in line with the internationally recognized Greenhouse Gas (GHG) Protocol standards and approved methodologies.

Using this data, we leverage our position as a carrier-neutral fourth party logistics provider (4PL) to work with customers, consignees, shipping companies and logistics providers to identify and advocate for measures and approaches to reduce emissions, including the use of less carbon intensive fuels.

By harnessing our data-driven, end-to-end supply chain capabilities, we analyze shipments to optimize loading space, and where possible we shift modes of transport from emissions-intensive air freight to less intensive sea and land options.

13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



ACTION ITEM

We are establishing a baseline of PFSCM's suppliers' waste and environmental management practices, enabling reduction strategies and targets to be set; and obtaining independent confirmation of adherence to ISO:20400 Sustainable Procurement standards.

Implement sustainable procurement practices to reduce emissions and waste in our value chain

The emissions and waste generated by the products and packaging that move through health supply chains contribute to climate change. We are committed to working with our customers and suppliers to reduce negative environmental impacts and promote the efficient use of resources wherever this is under our control.

As an active participant of the UN Global Compact, PFSCM aims to only do business with suppliers that have environmental management plans in place. We integrate sustainability into our supplier selection, contracting, and performance monitoring practices.

We leverage our digital Supplier Relationship Management (SRM) system to map the environmental practices and compliance of our suppliers and the countries we are operating in. This information enables sustainability factors to be incorporated into our supplier ratings, and facilitate potential strategic shifts in our selection of suppliers and the specifications of the products we procure. By sourcing products with less packaging and less virgin materials, for example, and sourcing from responsible suppliers closer to demand, we help to reduce the overall emissions and waste in our value chains.

Further, we are adopting ISO:20400 standards in Sustainable Procurement to ensure our procurement practices include sustainability considerations. We are seeking independent verification of adherence to ISO:20400, and building on this to further incorporate sustainability metrics and targets into our procurement work.

13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



ACTION ITEM

We are soliciting staff feedback and ideas related to environmental practices, we are also quantifying business travel emissions, waste generated and electricity consumed by source to inform Scope 2 and 3 GHG reporting.

Measure, report and actively reduce CO₂ emissions and waste from our internal operations

Internal operations from typical office management and business travel can have negative impacts on the environment. The emissions and waste generated from our internal activities are negligible in comparison to the impacts from our programme-related transport and procurement. Nevertheless, we are committed to reducing and mitigating any harmful results arising from our internal business operations.

In the Netherlands, office stationery and supplies are procured from sustainable sources incorporating recycled materials wherever possible. Cleaning products are eco-friendly to avoid pollution of water sources. Recycling is managed by a waste-to-products company that reduces the amount of waste going to landfills. We also support telecommuting for our staff members.

Our office in the US, is a Leadership in Energy and Environmental Design (LEED) Platinum-certified building, demonstrating excellence in energy and environmental management.

Additionally, we are taking stock of our current business travel emissions, office waste, and electricity sources and consumption in order to identify areas for improvement.

S02

Ensure the equity and well-being of our staff, and the communities in which we operate

Driven by our values and guided by international standards, including our participation in the UN Global Compact, we strive to ensure equity, diversity and inclusion in the workplace and to promote the well-being of our staff. We actively promote fair labor practices and the well-being of our suppliers' employees through our supplier due diligence process and contracting terms. We promote economic growth in the communities in which we operate through localized sourcing strategies.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



ACTION ITEM

We created an EDI Policy and established a baseline of staff composition and concerns established through staff wellness surveys. We are now working to further refine our EDI policy and approach.

Promote and ensure equity, diversity and inclusion in our workforce and operations

We are committed to fostering, cultivating, and preserving a culture of equity, diversity, and inclusion. We embrace and encourage our staff's differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, ethnicity, religion, sexual orientation, socioeconomic status, veteran status, and other characteristics that make our staff unique.

Our diversity initiatives are applicable but not limited — to our 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 that encourages and enforces:



Respectful communication and cooperation between all staff.



Teamwork and staff participation, permitting the representation of all groups and staff perspectives.



Work/life balance through flexible work schedules to accommodate staff's varying needs.

**5 GENDER
EQUALITY**



**8 DECENT WORK AND
ECONOMIC GROWTH**



**10 REDUCED
INEQUALITIES**



ACTION ITEM

We are working to increase the reported well-being of our staff, and maintaining a staff turnover below the industry standard. We are also continuously reviewing pay-scales and staff benefits in line with local laws and practices. Further, we are in the process of obtaining third party confirmation of compliance with ISO:20400.

Promote and uphold the well-being and development of our staff

We maintain a positive work environment that enables staff to reach their full potential and achieve an optimal work-life balance. Our staff representation body, the Culture Club, ensures staff representation across the organization, allowing staff members' concerns to be raised and targeted measures to be put in place to increase satisfaction and facilitate career development. We invest in professional development and are committed to providing fair and competitive compensation and benefits.

Ensure fair labor practices are adhered to throughout our value chain

We aim to only do business with organizations that uphold our values and mission. We demand fair labor practices and equity and inclusion in the workforces of our suppliers. This is supported by our adherence to international standards, including the UN Global Compact, and reflected in our sourcing practices and terms and conditions. All our suppliers are required to sign and adhere to PFSCM's Child Safeguarding Standards and Child Protection Policy, and Combating Trafficking in Persons Policy

Over the coming year, we plan to further refine our procurement practices to align with the ISO:20400 standard on Sustainable Procurement, including social aspects of protecting labor and human rights.

5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



ACTION ITEM

We are establishing benchmarks and targets for local procurement by product category and spend.

Promote economic growth and sustainability in the communities in which we operate

We use our position as a responsible organization with expertise in procurement to boost economic growth and sustainability in the communities in which we operate. We do this through identifying suitable suppliers and sourcing products as locally as possible in accordance with international standards and regulations, and client requirements; ensuring financial resources are used closer to the communities we serve, while also having the benefit of reducing transit times and transport emissions.

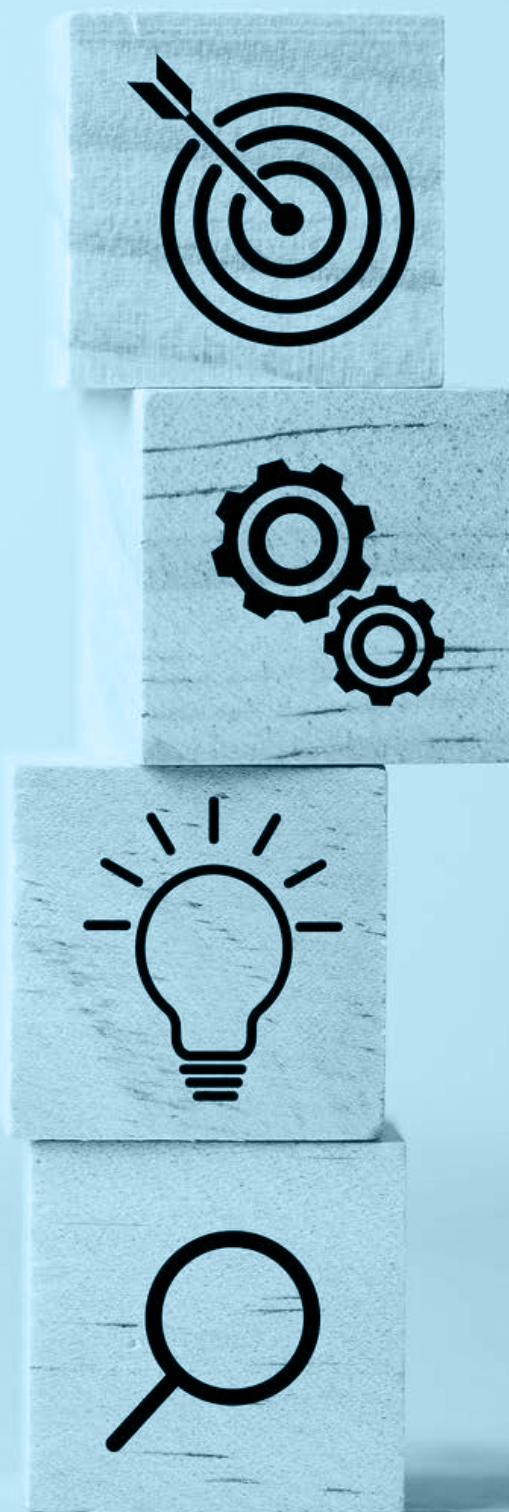
To identify suitable suppliers, we developed and implemented a Supplier Prequalification plan to maintain and expand local sources. Our supplier prequalification audits are conducted in accordance with the World Health Organization's (WHO's) Model Quality Assurance System (MQAS) for Procurement Agencies, and ISO 19011:2018 Guidelines for Auditing Management Systems. On completion of an audit, suppliers are assigned a rating and guidance on areas for improvement. By improving its rating, and thus its overall compliance, a supplier may have access to a larger market.

S03

Operate with the highest standards of ethical behavior and transparency

We strive to operate with the highest standards of integrity and transparency in all operations. We promote transparency with stakeholders and do business with ethical suppliers.

Upholding ethical, transparent behavior is part of our culture.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



ACTION ITEM

We are working to ensure all our staff members and all our suppliers are committed to our Code of Business Conduct and Ethics.

Operate with integrity in all operations

We include integrity and ethics in all aspects of our work. We have consciously reworked our ISO 9001:2015 certified Quality Management System (QMS) to include the Ten Principles of the UN Global Compact in our documented Standard Operating Procedures, Working Instructions, Policies, and Guidelines. Our processes and procedures have been repeatedly inspected to ensure the organization advances the UN Global Compact Principles. We will further align ourselves with the Sustainable Development Goals by seeking to only work with suppliers and 3PLs who share our vision and commitment to economic, environmental and social sustainability.

Our commitment to ethical business practices is reflected in our comprehensive policies on Fraud and Corruption Reporting, Child Safeguarding, Counter Trafficking, Conflict of Interest, Whistleblowing and overarching Code of Business Conduct and Ethics. All staff members are trained on these policies and receive refresher training each year. Suppliers and service providers must also adhere to our specific Terms and Conditions that incorporate the UN Global Compact principles.

Further, our Supplier Relationship Management (SRM) system incorporates vetting of supplier organizations and individuals against US, European and UN Sanctions.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

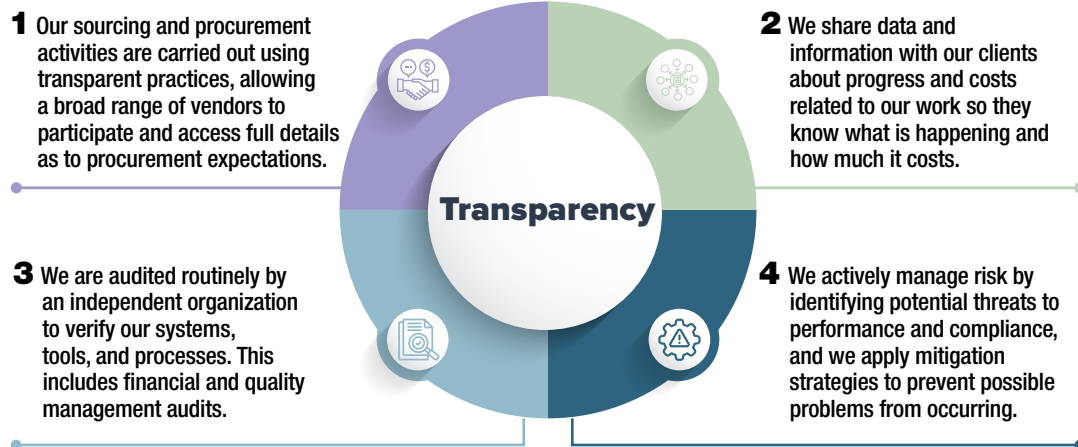


ACTION ITEM

We will issue our first Sustainability Report in 2023. This will include a multi-year sustainability strategy developed using baselines and analysis generated from the 2022-2023 Sustainability Strategy.

Operate with full transparency for our stakeholders

Our active approach to risk management reinforces the centrality of compliance, ethical practices and transparency in our work. Under the rigorous standards of our ISO 9001:2015 certified QMS, key risks are identified and addressed through risk registries in the areas of Core Business and Strategy; Operational and Commercial; Regulatory/Environmental; Legal and Contractual; Financial and Governance risks. Risk registries are made available to clients, enabling transparency and collaboration on risk mitigation considerations.



Meanwhile, we are committed to reporting on the progress of our sustainability initiatives. As a participant of the UN Global Compact, we submit an annual Communication of Engagement (CoE) that summarizes the practical steps we have taken to further the Compact's principles, including measurable outcomes. We are also committed to communicating on our sustainability progress through the dissemination of an annual Sustainability Report.

PFSCM SUSTAINABILITY STRATEGY 2022–2023

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