# Table of Contents

## 02 About PFSCM

## 03 Sustainability at PFSCM

## 04 Our 2022–2023 Sustainability Strategy

## 05 PFSCM Sustainability Report

### 06 SO1: 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
- Ensure fair labor practices are adhered to throughout our value chain
- Measure, report and actively reduce CO₂ emissions and waste from our internal operations

### 13 SO2: Ensure the equity and well-being of our staff, and the 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
- Promote economic growth and sustainability in the communities in which we operate

### 17 SO3: Operate with the highest standards of ethical behavior and transparency
- Operate with integrity in all operations
About PFSCM

Established in 2005, The Partnership for Supply Chain Management (PFSCM) is an ISO 9001:2015 certified nonprofit 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.

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 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.

PFSCM is a subsidiary of one of the leading international health consultancy organizations in the US — JSI Research & Training Institute, Inc. (JSI).

In addition to our project management headquarters in Washington D.C., in the US, and the operational facility in Woerden, in the Netherlands, we have access to eight JSI offices in the US and 42 other JSI offices around the world.

Within PFSCM’s global structure, we have around 144 seconded staff members, with staff in a few strategic countries, such as Nigeria and South Africa. PFSCM staff represent over 55 different nationalities.
Sustainability at PFSCM

Sustainability is essential to achieving the 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 in the pursuit of efficient health programs, 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).
Our 2022–2023 Sustainability Strategy

In April 2022, we issued our first Sustainability Strategy 2022 – 2023. This one-year strategy united our various ongoing sustainability initiatives under three mutually reinforcing strategic objectives (SOs) aligned with Environment, Social, and Governance (ESG) principles.

These SOs include mitigating the environmental impact of our operations, ensuring the quality and well-being of our staff and the communities in which we operate, and operating with the highest standards of ethical behavior and transparency. Under each of these SOs, there are sub-objectives with specific activities. We selected activities and issues where we felt PFSCM could have the most impact, owing to our expertise and position, and that is critical to achieving our organization’s mission.

The relatively short timeline was designed to facilitate the establishment of baselines, metrics, and targets for improvements in subsequent years. We recognize that our approach to, and knowledge of, meaningful sustainability actions will mature over time. As such, we expect each new strategy to build on previous strategies. As our first Sustainability Strategy comes to an end, we are developing a follow-on strategy to continue our intentional journey to embed sustainability throughout our organization and business practices.

### 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.

### 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.

### 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.
Under our Governance objectives in our strategy, we are committed to sharing the progress made against our goals. In line with that commitment, we are proud to publish our Sustainability Report, which is the culmination of the work carried out under the 2022-2023 strategy.

On the environmental side, much of our work in the last year entailed establishing baselines from which we can make informed decisions and set realistic targets for mitigating the environmental impact of our operations. We succeeded in establishing a baseline for our freight emissions using the Global Logistics Emissions Council (GLEC) Framework. We will use this information to implement emission reduction strategies like load optimization, shipment consolidation, converting planned air movements to ocean, improving packaging efficiency, and sourcing closer to demand. We also collaborated with our travel agent to measure our carbon footprint for business travel over the last two years.

Further, we disseminated a Supplier Sustainability Survey to establish a baseline of our suppliers’ waste and environmental management practices. We are still in the process of analyzing the survey data, and we will use this information to collaborate with our suppliers and clients to drive meaningful improvements throughout the supply chain.

In addition, we revised our procurement processes and drafted a new procurement policy in order to obtain independent confirmation of adherence to the ISO 20400 Sustainable Procurement Standard in the coming months.

Meanwhile, we also focused on the wellness of our staff and that of the communities in which we operate. In this regard, we formalized our EDI policy and surveyed staff to gauge their satisfaction in different social areas, from inclusion and belonging to workloads and work-life balance.

More than 85% of staff agreed or strongly agreed that PFSCM has created an environment where people of diverse backgrounds can succeed and where they feel a sense of belonging in their team, and more than 80% of staff felt that PFSCM supports them to work flexibly to balance needs at home.

We also continued to expand our regional supplier base allowing us to procure closer to demand, thereby uplifting communities, and we set targets for increasing spend with these suppliers when appropriate.

Overall, in the last year, 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 leveraged data to measure our current environmental and social impact and will use these baselines to set targets and plan for how to meet those. While this report captures our progress over the last year, our next publication will specify our Sustainability Strategy for the remainder of the year, 2024, and possibly beyond.
Mitigate the environmental impact of PFSCM’s 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.
Measure, report and actively reduce CO₂ emissions from PFSCM’s logistics (transport) operations

In the last year, PFSCM made good progress in establishing a baseline of our freight emissions using the Global Logistics Emissions Council (GLEC) Framework. We are also able to use the baseline data to devise informed strategies and set realistic targets for emissions reduction.

BACKGROUND

Logistics emissions are measured using a global standard called the GLEC Framework. Based on the Greenhouse Gas (GHG) Protocol and produced by GLEC in partnership with the Smart Freight Center, the Framework is the only globally-recognized methodology for harmonized calculation and reporting of the logistics GHG footprint across the multimodal supply chain.

The GLEC Framework applies these scopes in the context of the logistics and transport industry:

- **Scope 1**: Carrier vehicle emissions (air, ocean, and truck).
- **Scope 2**: Carrier fuel and electricity used to power the vehicles.
- **Scope 3**: Outsourced logistics activities (transport, warehousing, etc.)
Substantially all of PFSCM’s logistics emissions fall under Scope 3. The GHG footprint is measured in “CO$_2$ equivalent,” and the GLEC Framework methodology can be summarized with the following formula:

- $CO_2$ equivalent = (tonne kilometers) x (intensity factor)

Logistics emissions (measured CO$_2$ equivalent) are a function of the work done (weight moved over a distance, expressed in “tonne kilometers”) multiplied by an “emissions intensity” value.

Emissions intensity is itself a function of the mode of transport, the type of vehicle used and its fuel efficiency, the type of fuel used, how efficiently the vehicle was loaded, etc.

**OUR PROGRESS**

In 2019, PFSCM partnered with the Smart Freight Center and announced our intent to implement the GLEC Framework to measure and report carbon emissions. During the COVID-19 outbreak in 2020 and 2021, PFSCM’s emissions programs were on hold, but in 2022 and 2023, PFSCM picked up these activities again and worked towards establishing an emissions baseline.

After assessing our internal data inputs and reviewing our service providers’ emissions reporting capabilities, we turned to a specialist provider, EcoTransIT, to provide well-researched emissions intensity figures for our movement legs that would otherwise not be available to PFSCM. Using this to enhance our shipment and routing data, we produced our first technical report in March 2023.

The report covered:
- 5,207 shipments delivered in a two-year period (US FY 2021 to 2022).
- 13,378 movement legs.
- 318 pickup addresses.
- 488 delivery addresses.
- 237 pool points (seaports or airports).

Applying the GLEC Framework to this data, we established the below baseline (Figure 1).

Air shipments were the most carbon-intensive, followed by truck only movements, then rail. Ocean shipments were the least emissions-intensive. Measurement is, of course, only the first step in assessing and ultimately reducing emissions.

As we analyze the data at a more granular level, we intend to assess the impact of some of our ongoing transport efficiency initiatives, including load optimization, shipment consolidation, converting planned air movements to ocean, improving packaging efficiency, and sourcing closer to demand. We will investigate near-term interventions such as sustainable fuel inserting on shipments where these options are available, and we will look ahead to air and ocean industry decarbonization efforts to ensure our transport contracting mechanisms, transport procurement operations, and emissions reporting data are configured so we can take advantage of those opportunities as they come online.

---

**FIGURE 1**

<table>
<thead>
<tr>
<th></th>
<th>Number of shipments</th>
<th>ton/km</th>
<th>tons CO$_2$</th>
<th>CO$_2$ emissions t/km</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air</strong></td>
<td>3,746</td>
<td>29 million</td>
<td>22,116</td>
<td>760.76 g</td>
</tr>
<tr>
<td><strong>Ocean</strong></td>
<td>488</td>
<td>106 million</td>
<td>920</td>
<td>8.64 g</td>
</tr>
<tr>
<td><strong>Truck</strong></td>
<td>784</td>
<td>12.5 million</td>
<td>1,546</td>
<td>123.58 g</td>
</tr>
<tr>
<td><strong>Rail</strong></td>
<td>1</td>
<td>5,000</td>
<td>0.13</td>
<td>25.98 g</td>
</tr>
</tbody>
</table>
Implement sustainable procurement practices to reduce emissions and waste in our value chain

OUR COMMITMENT
Establish a baseline of our suppliers’ waste and environmental management practices to inform reduction strategies and targets.

OUR PROGRESS
In 2022, our procurement experts designed a Supplier Sustainability Survey to gather key ESG information from our more than 300 suppliers. This questionnaire covers nine major topics:

1. Compliance and Governance
2. Business Ethics and Anti-corruption
3. Human Rights
4. Supply Chain Management
5. Quality Management
6. Environmental Management
7. Labor Rights
8. Health and Safety Management
9. Business Management

Topics and questions were compiled and refined by a cross-functional team drawn from different units in PFSCM, including Sourcing, Contracts, Quality Assurance, Client Services, Supplier Engagement, and Communications. We also drew on external resources, standards, and guidance, including the Ten Principles of the UN Global Compact and the Sustainable Procurement Index for Health (SPIH), and our gap analysis work conducted to align with ISO 20400 Sustainable Procurement under this same objective (see next section).
We disseminated this questionnaire in the Spring of 2023 using our digital supplier relationship management tool. The results will allow us to establish a baseline for our suppliers’ waste and environmental management practices. This baseline will inform our sustainability approach, enabling us to collaborate with our suppliers and clients to drive meaningful improvements throughout the supply chain.

**OUR PROGRESS**

Building on our experience of obtaining ISO 9001 certification, PFSCM’s Chief Quality and Risk Officer and procurement experts compiled and conducted a detailed gap analysis to compare ISO 20400 standards against our current practices.

This gap analysis covered more than sixty data points across the four main sections of ISO 20400:

1. The fundamentals of sustainable procurement.
2. Integrating sustainability into the organization’s procurement policy and strategy.
3. Organizing the procurement function towards sustainability.
4. Integrating sustainability into the procurement process.

Based on the gap analysis findings and recommendations, a cross-functional team has been established to integrate sustainability into key processes and practices at the strategic, operational, and tactical levels throughout PFSCM. Upon completion of this work, we will engage a third party to validate our adherence to the standard or provide a list of findings and recommendations to address any remaining gaps.

ISO 20400 covers environmental, social, and governance aspects of procurement. Adherence to the standard will ensure that our procurement strategies, policies, and practices are sustainable, including our engagement with key suppliers and the wider health supply chain sector.

**OUR COMMITMENT**

Obtain independent confirmation of adherence to the ISO 20400 Sustainable Procurement Standard.

**OUR COMMITMENT**

Refine our procurement practices to align with the ISO 20400 standard on Sustainable Procurement, including social aspects of protecting labor and human rights.

Ensure adherence to fair labor practices throughout PFSCM’s value chain

**OUR PROGRESS**

Our gap analysis (reported above) highlighted areas we can further integrate and reinforce the social, labor, and human rights aspects of sustainability throughout our value chain as we align with ISO 20400 standards over the coming year.

This standard contributes to the following Sustainable Development Goals:
Measure, report and actively reduce CO₂ emissions and waste from our internal operations

**OUR PROGRESS**

We worked with our refuse disposal company to gain insights into our waste reduction efforts. In 2022 PFSCM:

- Separated 94% of our waste.
- Avoided one ton of CO₂.
- Recycled 54% of all glass used into raw materials, green-energy and grey energy.
- Recycled 40% of all plastic, metal and cardboard used into raw materials, green-energy and grey energy.

We also worked with our contracted travel agent to create a tailored report calculating business travel emissions. Although COVID-19 lockdowns and travel restrictions will distort the data for the past several years, we will explore our business travel footprint and reduction opportunities, including the current preference for virtual meetings over in-person attendance where feasible.

Meanwhile, in 2022, PFSCM launched office initiatives centered on reuse, recycle and reduce to ensure that the office, and the products purchased, are eco-friendly. Listed below by topic are ways PFSCM is operating to meet these initiatives.

**Office Products:** Office supply purchasing has been limited, as staff are encouraged to do more electronically. However, as office products are consumed, such as paper and stationary, they are being replaced by recycled products and in limited quantities.
**Energy Conservation:** Measures were taken to conserve energy in the office. Air-conditioning and heating were regulated to ensure that they were only in use when needed; and each night the system would automatically turn off. Implementing energy-efficient practices such as installing LED lighting where applicable and utilizing energy-efficient appliances and equipment. Additionally, PF SCM worked hard to improve air quality by having the air filters cleaned regularly.

**Transportation:** Encouraging sustainable transport was another way to make an office building more sustainable. This was done by providing a bicycle rack, as well as bikes, for staff who cycle to work and promoting public transportation. By encouraging staff to participate in sustainability initiatives, the office building can significantly reduce its carbon emissions and promote a healthier environment.

Meanwhile, in Spring 2023, PF SCM moved to a new office in the Netherlands. This enabled us to plan data capture and collection requirements for waste and electricity from our main operational office up front. We, therefore, expect to quantify waste and emissions from our primary office in the Netherlands from 2024 onwards.

As PF SCM moved to its new office location, it was important that the materials used during construction were sourced with low environmental impact or renewable resources, recycled materials, be more durable with a longer lifecycle, have a smaller footprint to manufacture or use, and easier to break down at end of life. Wall coverings, floor covering and light fixtures were all made from recycled products.

**OUR PROGRESS**

This activity has been largely postponed until later in 2023. The majority of our staff continue to telework remotely following COVID-19 lockdowns, although more staff are returning to a hybrid work pattern. Further, we relocated to a new office in the Netherlands, where we will incorporate new environmental practices. This activity was also therefore postponed to enable a settling-in period in the new office.

Nevertheless, some progress has been made by creating an internal Slack channel dedicated to sustainability. Staff are welcome and encouraged to offer ideas or request information via this channel.
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 wellbeing 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.
Promote and ensure equity, diversity, and inclusion (EDI) in our workforce and operations

**OUR PROGRESS**

We have continued to formalize our commitment to EDI. Our EDI Policy was finalized in May 2022 and made available to all staff. We also adopted EDI principles into our quality management system documentation.

We have also benefited from our parent organization’s EDI commitments through joint activities linked to the JSI EDI Action Plan. This action plan was built around five domains:

1. Recruitment, Retention, and Advancement
2. Racial Equity Fluency
3. Internal Communications
4. Corporate Culture
5. Responsive, Respectful, Community-Driven Work

In our Fall 2022 staff wellbeing survey, over 85% of staff agreed or strongly agreed that PFSCM has created an environment where people of diverse backgrounds can succeed and where they feel a sense of belonging in their team. PFSCM has 144 staff members representing 55 nationalities. We have a near equal split between men and women in manager role, and employee persons across a wide age range.
Promote and uphold the well-being and development of PFSCM’s staff

OUR PROGRESS

PFSCM’s staff representative body, the Culture Club, regularly engages with staff to ensure wellbeing issues are addressed.

Throughout the COVID-19 pandemic, we encouraged flexible working to enable staff to balance professional and personal requirements. Our Fall 2022 staff wellbeing survey showed that over 80% of staff felt that PFSCM supports them to work flexibly to balance needs at home. This flexibility continues as more staff return to the office. The Culture Club organizes virtual and in-person social events to encourage staff connectedness and belonging.

In Spring 2023, we moved to a new office. This new space was purposefully designed in coordination with our staff to maximize comfort and well-being.

Our staff members are also encouraged to attend industry events and conferences to network, gain knowledge and stay abreast of the latest industry developments. Recently staff members attended professional development opportunities pertaining to New Medical Device Regulations and international best practices for sustainable procurement and temperature-controlled logistics.
Promote economic growth and sustainability in the communities in which we operate

OUR PROGRESS

To further our efforts to source closer to demand, we analyzed our spend and supplier base, comparing these with the final destinations of our products and services. This analysis showed that over 85% of our orders, by USD value, are bound for countries in Africa. We continue to identify and pre-qualify new suppliers on the African continent.

Of note, our procurement of services (installation, warranties, maintenance, and training) globally has increased from $1.16 million in 2020 to $1.93 million in 2022. This is part of our shift to the procurement of equipment, including repair and maintenance services that go with it. These services are conducted by local technicians.

While the majority of our procurement takes place in Europe and Asia, we made encouraging steps in increasing our number of contracted suppliers and manufacturers closer to the final region of demand. Over the coming year, we will continue to investigate ways to increase local spend in line with demand and our specific category strategies. In so doing, we seek to boost the economic growth and sustainability in the regions that receive the bulk of our goods and services.
SO3
Operate with the highest standards of ethical behavior and transparency

We strive to conduct ourselves 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.
Operate with integrity in all operations

**OUR PROGRESS**

All of our staff read and sign the PFSCM Code of Business Conduct and Ethics annually. The Code of Conduct covers compliance, payment practices, foreign corrupt practices, and export controls, as well as responsibilities towards customers and suppliers, including customer relationships, lobbying, and free and fair competition, among other topics.

Our suppliers and service providers agree to our Code of Conduct for Suppliers and UN Global Compact-aligned terms and conditions when they sign an agreement with us. Our Code of Conduct clearly describes our expectations for building sustainable and reliable relationships with our suppliers; it covers among other things the below topics:

- Transparent, fair, accountable and honest procurement practices.
- Compliance with applicable laws and regulations regarding fair competition.
- Corruption, fraudulent, collusive, anti-competitive or coercive practices.
- Exchange of fees, gratuities, rebates, gifts, and commissions.
- Compliance with country-specific laws and regulations.

Further, our Supplier Relationship Management (SRM) system provides real-time, automated, and proactive screening of suppliers, including individuals (Politically Exposed Persons) officially sanctioned individuals, and persons of special interest), against international sanctions lists and adverse media attention. This provides an extra level of compliance and governance, ensuring we only do business with organizations that are aligned with our sustainability values. In the event of a red flag, the system generates an automated message, allowing our procurement experts to take immediate action.
PFSCM SUSTAINABILITY REPORT
2022–2023

PARTNERSHIP FOR SUPPLY CHAIN MANAGEMENT

Headquarters
2733 Crystal Drive, 4th Floor
Arlington, VA 22202
USA
☎ +1-571-227-8600
✉ pfscm@pfscm.org
?url www.pfscm.org

Operations
Beneluxlaan 2B
Woerden 3446 GR
The Netherlands
☎ +31 850 167 000
✉ pfscm@pfscm.org
?url www.pfscm.org