

# PFSCM SUSTAINABILITY STRATEGY 2023–2024



PFSCM's Quality Management System has been certified to  
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JSI RESEARCH & TRAINING INSTITUTE, INC.

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# Sustainability at PFSCM

Sustainability is essential to achieving PFSCM's mission to improve the health and well-being of people in low- and middle-income countries through increased access to quality and affordable health products. PFSCM improves 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 programs, resulting in poorer health outcomes for the most vulnerable and lost resources for our customers. Conversely, by actively addressing and mitigating these challenges, PFSCM can leverage its 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 PFSCM's work, as evidenced by our active participation in the UN Global Compact and alignment with relevant UN Sustainable Development Goals. We are committed to advancing sustainability excellence in public health supply chains through our internal operations and external engagements and advocacy.

This strategy continues and builds on the work we began in PFSCM's first Sustainability Strategy 2022 – 2023. Objectives and activities will be updated annually, with progress reviewed quarterly against internal indicators and targets. We will also issue a Sustainability Report in 2024 to report on our progress against our objectives and commitments.

## SUSTAINABLE DEVELOPMENT GOALS



# Our strategy

PFSCM's 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 CO<sub>2</sub> emissions from our logistics operations.
- ▶ Measure, report and actively reduce greenhouse gas emissions and waste from PFSCM's purchased goods and services.
- ▶ Measure, report and actively reduce CO<sub>2</sub> 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, inclusion and belonging (EDIB) 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.

## Strategic Objective 3

Embody and promote the highest standards of sustainable and ethical business conduct.

- ▶ PFSCM conducts itself with integrity in all operations.
- ▶ Sustainable procurement standards and practices are embedded throughout PFSCM's work.
- ▶ PFSCM advances sustainability excellence in public health supply chains.

13 CLIMATE ACTION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



7 AFFORDABLE AND CLEAN ENERGY



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS





# S01

## **Mitigate the environmental impact of PFSCM's operations**

**Aggressive action to address the global climate crisis is needed to avoid catastrophic consequences for all. At PFSCM, we recognize our responsibility to take action throughout the 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



## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## 7 AFFORDABLE AND CLEAN ENERGY



### ACTION ITEM

By August 2024, we will explore sustainable fuel insetting options and scalability; and incorporate environmental emissions reporting and reduction requirements into our freight solicitations and contracts.

## Measure, report, and actively reduce greenhouse gas emissions from PFSCM's logistics (transport) operations

Each year, PFSCM manages 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 freight emissions data in line with internationally recognized standards and methodologies.

Using this data, PFSCM leverages its 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 are advancing shipment and packaging optimization, and shifting modes from air to less emissions-intensive sea and land options.



## 13 CLIMATE ACTION



## 7 AFFORDABLE AND CLEAN ENERGY



### ACTION ITEM

By August 2024, establish a baseline of greenhouse gas emissions for PFSCM's procured goods and services; review and amend specifications for key categories to reduce the environmental impact.

## Measure, report, and actively reduce greenhouse gas emissions and waste from PFSCM's purchased goods and services

The emissions and waste generated by the products and packaging that move through PFSCM's supply chain can 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.

Over the coming year, we will work with a specialist to calculate the greenhouse gas emissions from the goods and services we procure. This baseline of emissions will complement the freight emissions baseline compiled under our previous strategy, and enable holistic reduction strategies to be explored with our suppliers and clients.

We will also work with our suppliers and clients to review key category specifications and identify opportunities to reduce the environmental impact wherever regulatory and clinical use parameters allow.

## 13 CLIMATE ACTION



## 7 AFFORDABLE AND CLEAN ENERGY



### ACTION ITEM

**By August 2024, quantify and reduce waste and emissions from our internal operations and business travel.**

## Measure, report, and actively reduce greenhouse gas emissions and waste from PFSCM's internal operations

We recognize that the internal operations from our 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 of our program-related transport and procurement. Nevertheless, we are committed to reducing and mitigating any harmful results arising from our internal business operations.

PFSCM's office in the US is a Leadership in Energy and Environmental Design (LEED) certified building, demonstrating excellence in energy and environmental management.

In the Netherlands, PFSCM moved to a new office in 2023. This move enabled us to ensure 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 are easier to break down at the end of life. Wall coverings, floor covering, and light fixtures were all made from recycled products. 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. PFSCM supports telecommuting for its staff members.

Over the coming year, we will continue to take 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 PFSCM's staff, and of those in the communities in which we operate**

Driven by our values and guided by international standards, including our participation in the UN Global Compact, PFSCM strives to ensure equity, diversity, and inclusion in the workplace and to promote the wellbeing of our staff. We seek to actively promote fair labor practices and the well-being of our suppliers' employees through our supplier due diligence process and contracting terms and to 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

By August 2024, we aim to finalize our EDIB Strategic Plan.

## Promote and ensure equity, diversity, inclusion, and belonging (EDIB) in our workforce and operations

PFSCM is committed to fostering and creating an environment of inclusivity and belonging where staff feel connected and part of the organization. We strive to do this by strengthening our staff's capacity to manage bias, promoting pay and benefits equity, and developing strategic training programs. Building on our EDIB policy that was finalized last year, we are developing an EDIB Strategic Plan in alignment with our business goals and objectives. We are also defining our compensation philosophy and incorporating EDIB training and specific curriculums into our Training Academy. Further, we are working to ensure that the PFSCM workforce represents the communities that we serve through our recruitment diversification initiatives.



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

**By August 2024, we will launch a Training Academy to facilitate staff development and growth.**

## Promote and uphold the well-being and development of PFSCM's staff

PFSCM seeks to create 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.



## 5 GENDER EQUALITY



## 8 DECENT WORK AND ECONOMIC GROWTH



## 10 REDUCED INEQUALITIES



### ACTION ITEM

**By August 2024, examine key categories/products and opportunities to increase our number of local suppliers and/or spend with local suppliers.**

## 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, PFSCM develops and implements a Suppliers Prequalification plan to maintain and expand local sources. This plan is reviewed on a yearly basis. 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 August have access to more international buyers. Through our category management approach, we are able to identify the categories and products that would benefit from localization initiatives.

S03

# **Embody and promote the highest standards of sustainable and ethical business conduct**

We strive to operate with the highest standards of integrity and transparency; PFSCM is a participant of the UN Global Compact and we have taken practical actions to support the UN Global Compact Principles. We are embedding sustainability practices throughout our procurement policies and practices, and mapping our supplier base to gauge the ESG maturity of our suppliers and potential areas for action. We are also committed to identifying and mitigating sustainability risks throughout our operations.



## 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



### ACTION ITEM

**100% of staff members and 100% of suppliers are committed to the Code of Business Conduct and Ethics.**

## PFSCM conducts itself with integrity in all operations

We incorporate integrity and ethics in all aspects of our work. We consciously reworked our ISO 9001:2015 certified Quality Management System to include the Ten Principles of the UN Global Compact in our documented Standard Operating Procedures, Working Instructions, Policies, and Guidelines. Our internal processes and procedures have been repeatedly inspected to ensure the organization advances the UN Global Compact Principles. We align ourselves with the Sustainable Development Goals and seek 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 reconfirm acceptance 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

**By August 2024, a baseline and analysis of our suppliers' ESG practices is completed; independent confirmation of adherence to ISO20400 standards is obtained.**

## Sustainable procurement standards and practices are embedded throughout PFSCM's work

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

In our previous strategy year, we leveraged our digital Supplier Relationship Management (SRM) system to map the ESG practices and compliance of our suppliers and the countries in which we operate. This information will enable sustainability factors to be incorporated into our supplier ratings, and facilitate potential strategic shifts in PFSCM's sourcing of suppliers and the specifications of the products we procure. For example, by sourcing from suppliers who offer products with less packaging and less virgin materials, as well as sourcing closer to demand, we can reduce our collective carbon footprint. Further, this information will also enable us to identify suppliers that are advanced on their ESG journey, or less mature suppliers with whom we must collaborate to ensure alignment with our practices and values.

Further, we are adopting ISO20400 standards in Sustainable Procurement to ensure sustainability is embedded throughout our procurement practices. Over the past year, a cross functional team of PFSCM experts conducted a gap analysis to identify aspects of our procurement policies and procedures that require updating to align with the ISO 20400 standards. Over the coming year, we will seek independent verification of adherence to ISO20400, and build on this to further incorporate sustainability metrics and targets into our procurement work.

## 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



### ACTION ITEM

By August 2024, issue  
PFSCM's second  
Sustainability Report.

## PFSCM advances sustainability excellence in public health supply chains

We are committed to promoting sustainable practices throughout the global health supply chain sector. Our end-to-end supply chain expertise and international engagements enable us to work with a variety of stakeholders to ensure sustainability is embedded in the design and execution of our projects.

PFSCM engages in international coordination bodies to ensure we are aligned with international standards and efforts. As a member of the UN Global Compact, we engage with other entities that are committed to the Sustainable Development Goals. Further, as a non-state member of the WHO-led Alliance for Transformative Action on Climate Change and Health (ATACH), we aim to engage with countries and other stakeholders to advance low-carbon and resilient health supply chains. Meanwhile, as part of GLEC, we are also measure and report our freight emissions data in line with internationally recognized standards and methodologies.

Transparency is key to our sustainability work. We issued our first Sustainability Report in May 2023, and are committed to reporting on our progress each year.

# PFSCM SUSTAINABILITY STRATEGY 2023–2024

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