



IFPW ESG Framework

January 2023

IFPW is looking to establish a sector ESG programme

Situation

- Environmental, Social and Governance (**ESG**) is becoming an increasingly important concern for organisations
- The healthcare sector faces specific challenges such as - access to medicine, drug pricing, product safety, product recall, antimicrobial resistance and product wastage
- Pharma wholesalers sit at the intersection between a large number of manufacturers and multiple distribution points which means there are many outward reporting responsibilities
- Many pharma wholesalers have established ESG programs and are delivering and reporting on the planned activities

Target

To determine the role for IFPW leading the sector on ESG and to create an ESG Framework that will bring value to members and external stakeholders



Work to date

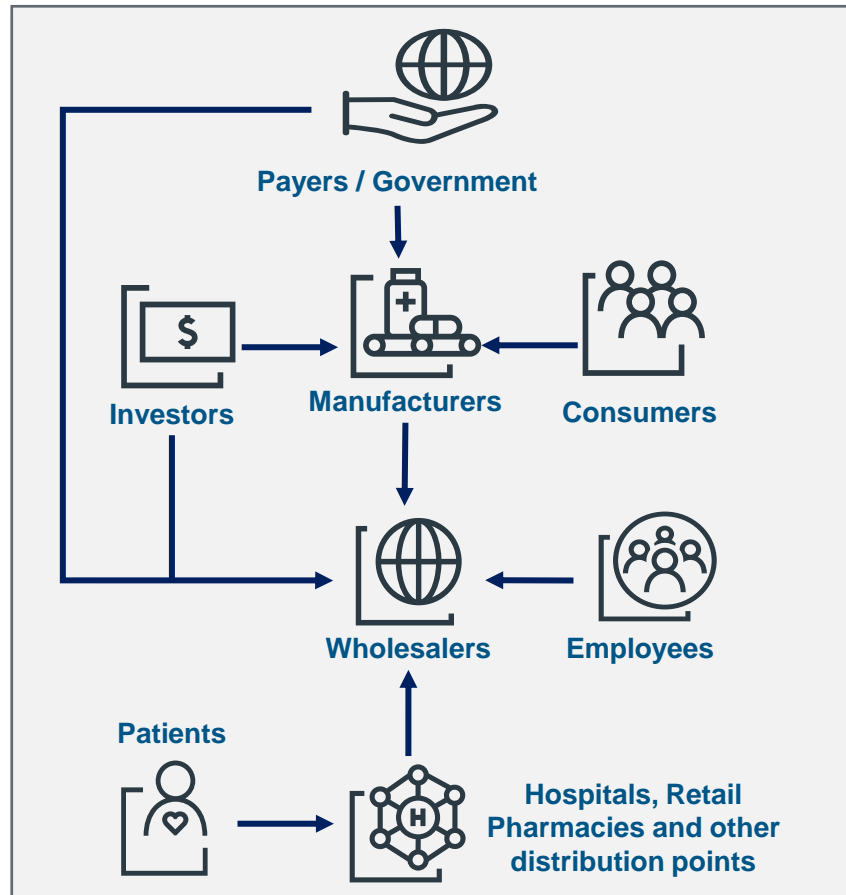
- The role of IFPW – Four Focus Areas
- The Framework Categories and Priority Areas
- Link framework to external reporting standards (SASB, GRI, CDP, TCFD)
- Provide metrics that could be used to measure performance (this does not involve goal setting)

Next Steps

- *Add further case studies.*
- *Set up and launch on IFPW website*

There is increasing focus on ESG across healthcare with sector specific challenges

Wholesalers will need to respond to transparency requests from manufacturers and authorities as well as manage other important stakeholder groups



- **WHS are a connection point** – high number of manufacturers and distribution points leads to multiple and varied requests for information
- **Specificities of healthcare** – On top of standard reporting - access to medicine, drug pricing, product safety, product recall, antimicrobial resistance, product wastage
- **Response prioritisation** – e.g. Electric vehicles vs reduced deliveries per day

The four 'Focus Areas' for IFPW to lead the sector approach to ESG

1. To develop an aligned sector position statement on ESG
2. To harmonize our messaging across Associations and Members and communicate the areas of our maximum collective impact on ESG
3. To influence and seek to harmonize stakeholder requests for ESG performance data of the sector
4. To inform and educate members on various approaches to ESG in the sector

The IFPW framework for ESG



Environmental

Carbon Footprint & Climate

- Climate change and energy use
- Efficient transportation and logistics
- Operations and warehousing
- Physical climate risk

Environmental Stewardship

- Waste management and recycling
- Packaging design and shipping materials
- Regulatory compliance



Social

Access to Medicine

- Security of supply
- Breadth and depth of coverage
- Affordability and fair recompense
- Community engagement and partnership

Human Capital Management

- Diversity, Equity and Inclusion
- Talent attraction & growth
- Employee health and safety



Corporate Governance

Board Commitment

- Executive compensation
- Management processes and oversight

Ethics Compliance & Engagement

- Codes of Practice and Guidelines
- Data Privacy
- Shareholder and stakeholder engagement
- Human rights across the supply chain



Category: Carbon Footprint and Climate

Reducing carbon emissions will make the planet healthier for patients, employees and families. A number of commitments are now being enforced with targets for companies – e.g The European Green Deal.

Glasgow Climate Pact 2021 - 200 countries committed to “rapid, deep and sustained reductions in global greenhouse gas emissions” and a phasedown of coal power in an attempt to restrict temperature rise globally to “well below” 2°C, with a goal of 1.5°C

Priority Areas



Climate change & energy use

- Carbon reduction pledges
- Carbon off set projects
- Decarbonation traceability – reporting and allocation



Efficient transportation & logistics

- New forms of transportation – (e.g. electric, drones, bicycles)
- Distance travelled and number of deliveries per day to pharmacies
- Efficient route planning, loading and fuel economy/speed limits



Operations & warehousing

- Refrigerants usage, air conditioning and insulation
- Energy efficient warehouse vehicles
- Paperless warehouse



Physical Climate risk

- Sourcing from alternative power – renewable energy, solar power
- Levels of energy and water consumption
- Natural disasters and community resilience
- Usage of energy efficient appliances

Category: Environmental Stewardship

Ensuring companies make use of natural resources in a responsible way that protects the planet for future generations including conservation and sustainable practices.

Priority Areas



Waste management and recycling

- Medical, biological and hazardous waste management
- Contamination and water pollution
- Recycling devices / sharps
- Collection and disposal of expired medicines



Packaging design and Shipping Material

- Re-usable or compostable materials
- Reduced packaging – especially plastic



Regulatory Compliance

- Training on relevant laws, regulations and practices
- Monitoring for adherence



Category: Access to Medicine

Patient access to innovation varies across countries due to ability to pay. A number of initiatives have been launched including the Oslo Initiative with the aim of bringing “better access to effective, novel, high-priced medicines”

WHO/Europe, developed together with the Norwegian Ministry of Health and Care Services and the Norwegian Medicines Agency.

Priority Areas



Security of Supply

- Helping to manage shortages
- Safeguarding against falsified and substandard medicines
- Ensuring effective preparedness and response to a crisis



Breadth and Depth of Coverage

- Supporting speed of access to innovation
- Supporting breadth of access to medicine (% of innovative medicines)
- Supporting access in under-served populations globally (patient demographics, geography)



Affordability and fair recompense

- Ensuring supply chain players are compensated for service
- Managing cost base in times of geopolitical unrest and inflation



Community engagement and partnership

- Community investment
- Product donations
- Community resilience building



Category: Human Capital Management

Creating an environment where people can participate and grow regardless of identity or background. Acknowledging people's differences and recognising the value that a range of profiles and beliefs can bring to the sector

Attracting talented people to the sector and developing individuals within a safe work environment

Priority Areas



Diversity, Equity and Inclusion

- Diversity in leadership roles and in the workforce
- Equality of pay and opportunities
- Employees feel inclusion as part of the organization



Talent Attraction and Growth

- Raising profile of the sector as a positive place to work
- Attracting applications from well qualified candidates
- Providing opportunities for staff progression and retention



Employee Health and Safety

- Governance processes for health and safety
- Training and assessments
- Employee feedback and incident reporting channels



Category: Board Commitment

Board members have responsibility to increase the long-term value and manage the risks to the organisation. They play an important role in evaluating how environmental and social risks can impact value and have a responsibility to develop a strategy and operating model to guide the company in its ESG commitments.

4 in 5 companies are planning to change ESG measures in executive pay plans over the next 3 years – WillsTowersWatson 2021

Priority Areas



Executive Compensation

- Linking ESG targets to executive pay
- ESG reporting – targets, KPIs and measurement processes linked to global standards



Management Process and Oversight

- Governance structure for ESG – assigned responsibilities from board level down
- ESG within the DNA – part of values, employee communications and company reporting



Category: Ethics, Compliance and Engagement

Ensuring ethical operating practices across the company value chain to gain visibility and prevent actual and potential adverse human rights such as forced labour, child labour, inadequate workplace health and safety and exploitation of workers

Priority Areas



Codes of Practice and Guidelines

- Training and certification for employees
- Monitoring and response mechanisms
- Whistle blower programmes
- Social supplier assessment



Data Privacy

- Compliance with relevant regulation (e.g. GDPR, CalOPPA/CCPA)



Shareholder & Stakeholder Engagement

- Investor relations communications
- ESG Advisory Board



Human rights in the supply chain

- Contractual clauses and sign up to company codes of conduct
- Mechanisms to audit the supply chain of 3rd party activities

IFPW framework mapping: Sustainability Accounting Standards Board (SASB)

SASB sustainability issues

IFPW framework mapping: Sustainability Accounting Standards Board (SASB)			Environmental							Social							Corporate Governance					
			Carbon Footprint & Climate				Environmental Stewardship			Access to Medicine				Human Capital Management			Board Commitment		Ethics Compliance & Engagement			
			Climate change and energy use	Efficient transportation and logistics	Operations and warehousing	Physical climate risk	Waste management and recycling	Packaging design and shipping materials	Regulatory compliance	Security of supply	Breadth and depth of coverage	Affordability and fair recompense	Community engagement & partnership	Diversity, Equity & Inclusion	Talent attraction & growth	Employee Health and Safety	Executive compensation	Management processes and oversight	Codes of Practice and Guidelines	Data privacy	Shareholder and stakeholder Engagement	Human rights across the supply chain
SASB sustainability issues																						
Topics	Categories	Healthcare Distributors																				
Environment	GHG Emissions	Fleet Fuel management	●	●	●	●			●													
	Air Quality			●					●													
	Energy management		●	●	●	●			●													
	Water & Wastewater Management						●		●													
	Waste & Hazardous Materials Management						●		●													
	Ecological Impacts						●	●	●													
Social Capital	Human Rights & Community Relations										●		●		●				●		●	
	Customer Privacy																	●	●			
	Data Security																	●	●			
	Access & Affordability									●	●	●										
	Product Quality & Safety	Product Safety								●							●	●				
	Customer Welfare	Counterfeit Drugs								●								●				
	Selling Practices											●						●				
Human Capital	Labor Practices												●	●			●	●				
	Employee Health & Safety														●		●	●				
	Employee Engagement, Diversity & Inclusion												●	●			●	●				
Business Model & Innovation	Product Design & Lifecycle Management	Product lifecycle management						●		●												
	Business Model Resilience											●				●	●			●		
	Supply Chain Management															●	●					
	Materials Sourcing & Efficacy							●		●						●	●	●			●	
	Physical Impacts of Climate Change					●			●													
Leadership & Governance	Business Ethics	Business Ethics				●							●				●	●	●		●	●
	Competitive Behaviour											●					●	●	●		●	
	Management of the Legal & Regulatory Environment								●								●	●	●			
	Critical Incident Risk Management														●		●	●	●			
	Systemic Risk Management														●		●	●	●			

IFPW framework mapping:
Global Reporting Initiative
(GRI)

IFPW Framework

GRI standards		Environmental							Social							Corporate Governance					
		Carbon Footprint & Climate				Environmental Stewardship			Access to Medicine				Human Capital Management			Board Commitment		Ethics Compliance & Engagement			
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Standards																					
GRI 102 – Report General Disclosures		Strategy															●	●			
		Governance														●	●	●		●	
		Ethics & Integrity																●	●	●	●
		Stakeholder Engagement																		●	
		Reporting Practices															●				
Economic Topics	GRI 201 Economic Performance																●				
	GRI 202 Market Presence												●	●			●				
	GRI 203 Indirect Economic Impacts			●		●															
	GRI 204 Procurement Practices								●									●			
	GRI 205 Anti-corruption																●	●			●
	GRI 206 Anti-competitive behaviour																●	●			
Environmental Topics	GRI 301 Materials					●	●	●													
	GRI 302 Energy	●	●	●	●			●													
	GRI 303 Water and Effluents				●	●		●													
	GRI 304 Biodiversity			●	●			●													
	GRI 305 Emissions	●	●	●				●													
	GRI 306 Effluents and Waste				●	●		●													
	GRI 307 Environmental Compliance							●													
	GRI 308 Supplier Environmental Assessment							●									●	●			

IFPW framework mapping: Global Reporting Initiative (GRI)

GRI standards

Standards		Climate change and energy use	Efficient transportation and logistics	Operations and warehousing	Physical climate risk	Waste management and recycling	Packaging design and shipping materials	Regulatory compliance	Security of supply	Breadth and depth of coverage	Affordability and fair recompense	Community engagement and partnership	Diversity, Equity and inclusion	Talent attraction and growth	Employee Health and Safety	Executive compensation	Management processes and oversight	Codes of Practice Guidelines	Data privacy	Shareholder and stakeholder Engagement	Human rights across the supply chain	
Social Topics	GRI 401 Employment												●	●			●					
	GRI 402 Labor/Management Relations												●	●			●					
	GRI 403 Occupational Health and Safety														●							
	GRI 404 Training and Education													●								
	GRI 405 Diversity and Equal Opportunity												●									
	GRI 406 Non-discrimination												●									
	GRI 407 Freedom of Association and Collective Bargaining																				●	
	GRI 408 Child Labor																				●	
	GRI 409 Forced or Compulsory Labor																				●	
	GRI 410 Security Practices																		●			
	GRI 411 Rights of Indigenous Peoples																				●	
	GRI 412 Human Rights Assessment																				●	
	GRI 413 Local Communities										●		●									
	GRI 414 Social Supplier Assessment																		●			
	GRI 415 Public Policy																		●			
	GRI 416 Customer Health and Safety																		●			
	GRI 417 Marketing and Labeling																	●	●			
	GRI 418 Customer Privacy																		●			
	GRI 419 Socio Economic Compliance																	●	●			

IFPW framework mapping: UN Sustainable Development Goals (SDG)



IFPW Framework

		Environmental							Social							Corporate Governance					
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1	NO POVERTY											●	●								●
2	ZERO HUNGER											●									●
3	GOOD HEALTH AND WELL-BEING	●			●	●			●	●	●	●			●						●
4	QUALITY EDUCATION											●		●							
5	GENDER EQUALITY												●				●	●			●
6	CLEAN WATER AND SANITATION					●															
7	AFFORDABILITY AND CLEAN ENERGY	●																			
8	DECENT WORK AND ECONOMIC GROWTH												●	●	●		●				●
9	INDUSTRY, INNOVATION AND INFRASTRUCTURE		●	●		●	●		●	●	●	●									
10	REDUCED INEQUALITIES									●	●	●	●								●
11	SUSTAINABLE CITIES AND COMMUNITIES											●									
12	RESPONSIBLE CONSUMPTION AND PRODUCTION	●				●	●														
13	CLIMATE ACTION	●	●	●	●																
14	LIFE BELOW WATER				●	●	●														
15	LIFE ON LAND				●	●	●														
16	PEACE, JUSTICE AND STRONG INSTITUTIONS																●	●	●		●
17	PARTNERSHIPS FOR THE GOALS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

The IFPW framework for ESG – case study examples



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Human Capital Management

- **Diversity, Equity and Inclusion**
- Talent attraction & growth
- Employee health and safety



Corporate Governance

Board Commitment

- Executive compensation
- **Management processes and oversight**

Ethics Compliance & Engagement

- Codes of Practice and Guidelines
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- Human rights across the supply chain



Environmental: Metrics

Carbon Footprint & Climate

Guidelines		Recommended Metrics	Case study example
Climate change and energy use			
GRI Guidelines	305-5 Reduction of GHG emissions	<ul style="list-style-type: none">• GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO2 equivalent.• Gases included in the calculation; whether CO2 , CH4 , N2O, HFCs, PFCs, SF6 , NF3 , or all.• Base year or baseline, including the rationale for choosing it.• Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).• Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none">• Energy efficiency (Zuellig)



Environmental: Metrics

Carbon Footprint & Climate

Guidelines		Recommended Metrics	Case study example
Efficient transportation and logistics			
SASB Guidelines	Fleet fuel management	<p>Payload fuel economy</p> <ul style="list-style-type: none">• Aggregate payload fuel economy for its transportation fleet• Calculate payload fuel economy across its delivery fleet, limited to vehicles used for the delivery of products (excluding vehicles used primarily for the transportation of passengers)• Payload fuel economy shall be calculated as: total gallons of fuel consumed / revenue tons miles (RTM), where revenue ton miles (RTM) = total weight of paid tonnage transported (payload) × total distance in miles goods were transported	<ul style="list-style-type: none">• Electric vehicles / Route optimisation / Last mile distribution (COFARES)
		<p>Description of efforts to reduce the environmental impact of logistics</p> <ul style="list-style-type: none">• Describe the nature, scope, and implementation of its programs and initiatives to reduce the environmental impact of its logistics operations• The entity shall discuss whether it is a participant in the EPA SmartWay program, or a similar program.	



Environmental: Metrics

Environmental Stewardship

Guidelines		Recommended Metrics	Case study example
Waste management and recycling			
GRI Guidelines	306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none">For the organization's significant actual and potential waste-related impacts, a description of:<ul style="list-style-type: none">i. the inputs, activities, and outputs that lead or could lead to these impacts;ii. whether these impacts relate to waste generated in the organization's own activities or to waste generated upstream or downstream in its value chain	<ul style="list-style-type: none">Responsible waste management (Zuellig)Responsible waste management (GIRP member)
GRI Guidelines	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none">Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations.The processes used to collect and monitor waste-related data.	



Environmental: Metrics

Environmental Stewardship

Guidelines		Recommended Metrics	Case study example
Packaging design and shipping materials			
GRI Guidelines	301-1 Materials used by weight or volume	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: i. non-renewable materials used; ii. renewable materials used.	<ul style="list-style-type: none">• Reduced packaging (plastics) (AmerisourceBergen)• Reduced packaging (plastics) (Grupo Profarma)
GRI Guidelines	301-2 Recycled input materials used	Percentage of recycled input materials used to manufacture the organization's primary products and services	
GRI Guidelines	301-3 Reclaimed products and their packaging materials	Percentage of reclaimed products and their packaging materials for each product category. How the data for this disclosure have been collected.	



Social: Metrics

Access to medicine

Guidelines		Recommended Metrics	Case study example
Breadth and depth of coverage			
GRI Guidelines	413-1 Operations with local community engagement, impact assessments, and development programs	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: <ul style="list-style-type: none">i. social impact assessments, including gender impact assessments, based on participatory processes;ii. environmental impact assessments and ongoing monitoring;iii. public disclosure of results of environmental and social impact assessments;iv. local community development programs based on local communities' needs;v. stakeholder engagement plans based on stakeholder mapping;vi. broad based local community consultation committees and processes that include vulnerable groups;vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;viii. formal local community grievance processes.	<ul style="list-style-type: none">• Partnerships to support underserved populations (Walgreens Boots Alliance)• Partnerships to support underserved populations (Grupo Profarma)• Speed and access to innovation (McKesson)



Social: Metrics

Human Capital management

Guidelines		Recommended Metrics	Case study example
Diversity, Equity and Inclusion			
GRI Guidelines	405-1 Diversity of governance bodies and employees	<p>Percentage of individuals within the organization's governance bodies in each of the following diversity categories:</p> <ol style="list-style-type: none">Gender;Age group: under 30 years old, 30-50 years old, over 50 years old;Other indicators of diversity where relevant (such as minority or vulnerable groups). <p>Percentage of employees per employee category in each of the following diversity categories:</p> <ol style="list-style-type: none">Gender;Age group: under 30 years old, 30-50 years old, over 50 years old;Other indicators of diversity where relevant (such as minority or vulnerable groups).	<ul style="list-style-type: none">• Diversity in leadership roles and in the workforce (AmerisourceBergen)• Employee inclusion (McKesson)• Employee inclusion (Grupo Profarma)
GRI Guidelines	405-2 Ratio of basic salary and remuneration of women to men	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	<ul style="list-style-type: none">• Equality of pay and opportunities (AmerisourceBergen)



Corporate Governance: Metrics

Board Commitment

Guidelines		Recommended Metrics	Case study example
Management processes and oversight			
GRI Guidelines	102-18 Governance Structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	<ul style="list-style-type: none">• Governance structure for ESG (Walgreens Boots Alliance)
GRI Guidelines	Disclosure 2-24	describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: how it allocates responsibility to implement the commitments across different levels within the organization; i. how it integrates the commitments into organizational strategies, operational policies, and operational procedures; ii. iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments.	<ul style="list-style-type: none">• ESG in the DNA (Sigma)

Climate Change & Energy Use

Energy Efficiency



Definition: As a key player in the pharmaceutical supply chain, Zuellig Pharma recognises the potential to play a significant role in addressing the climate crisis through action. Zuellig is committed to do its part in mitigating climate change by reducing Green House Gas (GHG) emissions and increasing energy efficiency. Zuellig manages its overall energy consumption as part of its strategy to reduce GHG emission.

Commitment: Zuellig is committed to the **Science Based Target Initiative** (SBTi) and has set emission reduction targets for Scopes 1, 2, and 3 emissions internally. Zuellig has committed a dedicated budget to GHG management and the Sustainability team's compensation is linked to progress towards GHG reduction targets. To reduce Scope 3 emissions, Zuellig directs its efforts at educating its suppliers on greening their fleets and training drivers on more fuel-efficient driving behaviours. In Korea, following a pilot run, the team now aims to progressively replace all short-distance delivery vehicles with electric vehicles by 2025. Across several locations, energy efficiency initiatives such as LED lighting and intelligent lighting systems are implemented, along with investments in upgraded air conditioning systems in several locations. To optimize energy consumption, several Energy Management Systems have been implemented in distribution centres across Zuellig markets.

Partnerships: Zuellig, to provide a conducive environment for green initiatives to thrive, founded the internal **Greenovate incubator** to accelerate initiatives that contributed to its key sustainability pillar of **Respecting the Environment**. As part of the Greenovate project, innovative ideas are kickstarted as pilot projects, so that Zuellig can be bold in its ambition, and give every initiative a chance. These projects span across seven areas. These **are renewable energy, lighting, insulation, recycling and waste management, air-conditioning, transportation, and packaging**. Pilot projects are kept small-scale. Teams are coached and sometimes incentivized to drive them. After implementation, projects are simply assessed based on impact and scalability. Through these pilot projects, results are tracked, and opportunities identified for improvement. Best practices and an implementation playbook are then shared with other countries, with a roadmap for scaling up. Zuellig's goal is to create a framework that brings in ground-breaking green technologies.

Metrics: The environmental efforts fostered by Greenovate are scheduled to help avoid 12,000 tons of carbon emissions. Overall GHG emissions, both direct and indirect, have been successfully decreased by 7%, the focus on renewable energy and solar panel installations has led to a 75% increase in renewable energy use (reducing the electricity-related emissions by 6.5% in 2021), and 551 recycling and reduction programs are ongoing across the regions. As a result, Zuellig's waste emissions have been reduced by 20%

Efficient transportation and logistics



Efficient route planning, loading, and fuel economy/speed limits

Definition: Logistic Initiatives in Supply Chain Value. Transportation Area (Primary and Capillary Distribution).

Commitment: We are committed to reducing the impact of our activity on the environment to contribute to environmental sustainability and the fight against climate change.

Actions: We started the route electrification project to understand and improve knowledge about the use and real application of electric vehicles, and reduce our CO₂ emissions. The pilot initiative involved introducing 6 electric vehicles in Madrid, Seville, Barcelona and Guadalajara. In addition, we have invested in an internal tool based on Python programming to design optimal routing for our distribution, known as Last Mile Distribution Optimisation. Finally, in order to improve the efficiency of each delivery, we have optimised our truck loading using a double loading level system.

Metrics:

- The pilot electric vehicle program has introduced 125,000 km/year of distribution with zero emissions. Target is achieve electric vehicle for 20 of Routes (Urban Routes).
- Reduction of 11k€ per year and Vehicle in Fuel cost.
- Full truck optimisation through double stacking has led to a 20,000 Kg CO₂ reduction
- Between 5-10% Km reduction in Routes modelled through Routes Optimization Tool.

Waste Management & Recycling

Responsible Waste Management



Definition: Zuellig recognizes its responsibility in minimizing waste to landfill, both in its own operations and along the value chain as much as possible. The main source of waste generation in the company comes from the packaging materials for products being distributed. Zuellig's approach to waste focuses on waste prevention and reduction by prioritising the reuse and recycling of the waste materials produced.

Commitment: In December 2020, Zuellig launched the We Pledge Campaign to drive 3R – Reduce, Reuse, Recycle awareness and encourage departments to commit to a 3R pledge. Each of Zuellig's markets has ongoing 3R programs. Additionally, Zuellig has committed to achieving zero waste going to landfill by 2030. Zuellig also aims to achieve ISO14001 certification across all 13 market distribution networks by 2024.

Partnerships: In Malaysia, Zuellig Pharma supplies Baxter's peritoneal dialysis solution to more than 3,000 home patients. With 120 PVC bags per patient per month, this triggers 260 metric tonnes of high-grade plastic waste. Together with Baxter and the Business Council for Sustainable Development (BCSD) Malaysia, the partnership is piloting an initiative that aims to collect non-contaminated used PVC bags from patients' homes to recycle them into secondary raw material that can be used in the manufacture of new products like garden hoses, vinyl flooring and playground equipment. The goal is to ultimately extend this initiative to all hospitals in Malaysia to upcycle all noncontaminated plastic waste, which makes up about one-third of the total waste generated by hospitals.

Metrics: In 2021, Zuellig generated (in tonnes) 20% less waste than in 2020. From 48 ongoing 3R initiatives in 2021, an estimated 551 tonnes of waste was reduced. With the implementation of warehouse automation making 95% of operations paperless and reducing operating costs and waste generation, Zuellig is saving approximately 3.4 million sheets of paper, about 300 trees, each year.

Waste Management & Recycling

Responsible Waste Management

Definition: Hazardous waste entails environmental risks therefore, we continuously strive to keep hazardous waste to a minimum. Hazardous waste includes oil sludges and various chemicals – including primarily pharmaceutical waste. Non-hazardous waste is also generated along the value chain, and includes organic waste, paper and cardboard, electronic scrap, metal, wood, plastics, glass and textiles.

Commitment: We commit to achieving closed loop resource utilisation by reusing, reducing, and recycling, where feasible.

Actions: To keep hazardous waste generation – in the form of damaged or expired medicines – to a minimum, we make use opportunities for action and undertake a wide range of measures. For example, we cooperate with industry partners to take back and recycle single use diabetes pens and surplus iodine. Alongside other steps, the application of standard practices and operating procedures in the context of quality management, as well as compliance with the guidelines on good distribution practice (GDP), are crucial. Employee training in our distribution centres plays an important role in this. It covers, for example, the careful handling of packages and how to ensure optimal temperatures in cold storage.

Metrics: During the reporting year, 74.9 percent (previous year: 73.1 percent) of non-hazardous waste materials were returned to the material cycle, thus increasing our recycling rate.

Packaging design and shipping material

AmerisourceBergen

Reduced packaging (plastics)

Definition: The majority of our waste stream consists of packaging materials, specifically cardboard boxes, polystyrene foams, and plastic films.

Commitment: We are committed to sustainable packaging and removing single-use, petroleum-based materials like plastics and polystyrene foam from our operations and sourcing more ecological options.

Actions: We have successfully transitioned our U.S. Human Health distribution centers to a sustainable cold chain packaging solution (reusable totes and plant-based phase change material ice packs), which reduces the amount of single use packaging waste generated. Alliance Healthcare UK rolled out new reusable totes as well as transitioned to cardboard packaging for some products to replace single use plastics. We convene a Sustainable Packaging Working Group on a quarterly basis with representatives from across the enterprise, including government affairs, corporate responsibility, indirect sourcing, and multiple other business units to monitor and assess emerging plastic-related regulations and evaluate new alternative packaging opportunities.

Metrics: Some of our Alliance Healthcare locations have set waste reduction goals, such as Alliance Healthcare UK, which has committed to reducing single-use secondary plastic within the business by 60% by September 2022 as part of its “Getting drastic with Plastic” campaign.

Packaging design and shipping material

Reduced packaging (plastics)

Definition: Waste reduction in the logistics process of distribution centres, aiming to increase the reuse of materials, while discarding what is not recyclable.

Commitment: Reduce the use of paper, cardboard, stretch wrap and pallets, and recycle any other items.

Actions: Use of returnable plastic and thermal boxes in the logistics of our retail chain; Reuse of cardboard boxes; packing list centralization – automated system for cargo division (Pick List); Use of modules for cargo transfer and contention straps for products, reducing the amount of vehicles and fuel used; Inclusion of clients in the reverse logistics of cardboard for reuse and recycling; Digitalization and enhancement of administrative processes

Metrics: 93% of cardboard reused; Storage modules – 8 fewer carts running monthly with the increased volume capacity in the cages

Breadth and Depth of Coverage



Supporting access in under-served populations globally

Definition: Health Access, Equality, and Education is one of 4 pillars that make up the purpose of Walgreens Boots Alliance, *creating more joyful lives through better health*. WBA's ESG strategy aims to improve health access and affordability, with a particular emphasis on health equity – ensuring everyone can attain their full potential for health and well-being. WBA partners with a number of organizations that all look to help underserved populations in its home markets and in the developing world. With a presence in 9 countries and approximately 13,000 locations across the U.S., Europe, and Latin America, WBA plays a critical role in the healthcare ecosystem.

Commitment: Through WBA's charitable partnerships they aim to lead by example and be a catalyst for others to do good. To maximize the impact, WBA created several initiatives that team members, customers, patients, suppliers and local communities are empowered to support. These programs generate enthusiasm, increase team member satisfaction and engagement, and build customer loyalty. As an example, WBA has committed to help provide a total of 100 million immunizations for children in developing countries by 2024.

Actions: Through long-term partnerships with organizations with healthcare expertise, WBA tackles important health issues including malnutrition, disease prevention and cancer support. WBA's collaborations provide healthcare services at national and international levels, including developing countries, enabling the company to help improve the lives of hundreds of millions of vulnerable people, especially women and children. WBA partnerships and charitable organizations include Vitamin Angels, Get A Shot, Give A Shot, Red Nose Day, Be the Match, and The Hygiene Bank.

Metrics: In 2021, WBA employees reported more than 91,500 volunteer hours; over 34 million consumers participated in health education initiatives on Walgreens.com; more than \$US21 million was raised for Red Nose Day in the US; and \$US12.4 million was raised for Vitamin Angels. Over eight years, Walgreens has helped provide more than 70 million lifesaving polio and measles vaccines to children in developing countries.

Breadth and Depth of Coverage

Supporting access in under-served populations globally

Definition: The Instituto Profarma performs its actions through private social investment of Grupo Profarma. The resource is destined to social-environmental responsibility activities performed with non-profit organizations that help socially vulnerable families in locations where Grupo Profarma operates.

Commitment: Our commitment for 2022 is to impact 150,00 people through actions that engage our stakeholders: our volunteers (Embaixadores do Bem) and our providers (Parceiro do Bem).

Actions: We currently work in several areas together with registered organizations. We focus on the rights of children and adolescents through food safety, hygiene and women empowerment; we partner with several Companies, such as P&G, Colgate, CIMED, Piracanjuba and others.

Metrics: 150,000 people affected by our actions; 55 actions and initiatives performed during the year; 45 OSCs assisted by the actions/initiatives; 250 volunteers engaged with our actions/initiatives; 25 brands (partners) supported us on the actions/initiatives; 85 tons of food distributed; 30 thousand items of personal care distributed; 10 tons of supplements delivered.

Breadth and Depth of Coverage

Supporting Speed of Access to Innovation



Definition: For more than 185 years, McKesson has provided products, services and care to help improve health outcomes for its customers, their patients and communities. Recognizing the complex societal challenges of the 21st century, and McKesson's mission to improve care in every setting, McKesson continues to do its part by investing in provider and patient tools with the aims of driving benefit and cost transparency, providing lower-cost options, and enabling data-driven, shared decision-making between providers and patients.

Commitment: McKesson is committed to building its strong foundation of capabilities and actions, as well as its impact-driven culture, to further address barriers impacting access to care. By leveraging McKesson's networks of pharmacies and healthcare providers; globe-spanning distribution and logistical systems; prescription technology solutions; partnerships with hospitals, physicians, pharmacies and health systems; and relationships with key stakeholders both public and private to making new products as broadly and rapidly accessible as possible.

Partnerships: McKesson's technology driven patient support solution, AMP: Access for More Patients®. AMP, from CoverMyMeds, transforms how patients access, afford and adhere to their medications. Designed to automate access to therapy for patients on specialty medications for complex and chronic diseases, AMP combines the fully automated technology platform and established provider network of CoverMyMeds with McKesson's deep specialty drug expertise. Designed to support a spectrum of brands and therapies, AMP helps customers who are looking to enhance patient adherence or broaden patient engagement.

Metrics: The AMP real-time hub services allow biopharma innovators, more than 650 life sciences brands, to connect to patients through CoverMyMeds' established relationships with more than 750,000 providers, payers representing 94% of prescription medicine volume, and 50,000+ pharmacies, to provide access for patients.

Diversity, Equity and Inclusion

AmerisourceBergen

Diversity in leadership roles and in the workforce

Commitment: As a purpose-driven, pharmaceutical-centered company focused on creating healthier futures and advancing health equity, diversity, equality, and inclusion (DEI) is personal to AmerisourceBergen and our 42,000 team members. Our goal is to foster a global workplace that values all cultural, experiential, and philosophical perspectives; creates pathways for every team member to thrive; makes a positive impact on our communities through equitable access to healthcare; and is transparent and accountable for progress.

Actions: Governance and strategic oversight is led by the AB DEI Global Council, which is chaired by AmerisourceBergen executives, supported by the AmerisourceBergen DEI team, and comprised of global representation from AmerisourceBergen Employee Resource Groups (ERGs). The Council is accountable for steering the long-term strategy and assessing the progress of outcome-based measures. This includes representation, diverse team member promotions, pay equality and turnover, diverse team member engagement scores, diverse supplier spend, and charitable giving demographics.

Metrics: AmerisourceBergen is proud of the progress we have made with gender representation. While we know there will always be more opportunities to make progress, it is important to recognize the strong foundation of our DEI journey. For FY21, women make up:

- 57% of our overall global workforce
- 34% of leadership positions (VP level and above)
- 46% of manager positions (Manager level and above)
- 30% of our Board of Directors
- 57% of our Executive Management Committee

Note: Data includes AmerisourceBergen global team members. Excludes Alliance Healthcare team members.

Diversity, Equity and Inclusion

AmerisourceBergen

Equality of pay

Definition: AmerisourceBergen defines pay equality as equal pay for women, men and all ethnicities who are performing substantially similar work. Some of the factors we consider include job-related skills, tenure, experience and education level, performance rating and geography.

Commitment: We are committed to fostering equal opportunity and pay equality through processes that drive equitable pay decisions and eliminate unexplained pay inequities. To support this, AmerisourceBergen has a cross-functional team of leaders from Compensation, Legal and Human Resources that is responsible for researching best practices, reviewing pay practices, and working with external resources to analyze current pay equality and with senior leaders to implement changes.

Actions: We have committed to continuously assess our pay practices and make adjustments to ensure we equitably compensate our employees. We've put practices in place when it comes to equal pay for equal work. For example:

- We've modified promotional salary increase guidelines to help eliminate pay gaps.
- We removed questions about pay history in the recruiting and interviewing processes of external candidates.
- We administer annual merit increases based on both performance and base pay within the pay range, and make promotional salary increases based on market competitiveness and internal equality.
- We conduct annual assessments that identify potential pay gaps. If disparities are identified that are not explainable by individual differences such as experience or geography, we develop a plan to correct any issues.

Metrics: For every dollar male employees are paid, female employees at AmerisourceBergen are paid 99.4 cents (U.S. data).

Diversity, Equity and Inclusion



Employee inclusion

Definition: At McKesson, our people create and maintain a vibrant and inclusive culture where everyone brings their authentic self to work. We're committed to creating a more diverse and inclusive workplace to make Team McKesson more aware, more creative, and stronger. We aim to continuously leverage our diversity to explore opportunities, elevate our thinking and challenge long-held assumptions. We continue to make diversity, equity and inclusion integral to everything we do because we believe building a more inclusive future is everyone's responsibility.

Commitment: We know that fostering a culture of inclusion can help us better serve our employees, our customers, their patients and our communities. As such, we have created a new set of DEI aspirational goals, which are consistent with our ICARE and ILEAD values and vital to our business success. Our company should reflect the diversity of the communities we serve. Our culture must be inclusive so all employees can bring their best selves to work. Our company must champion the social, environmental and economic wellbeing of our employees and the communities we serve.

Actions: At McKesson, we are committed to sourcing quality products and services for our customers and employees. To fulfil that commitment, we rely on our strong and mutually-beneficial relationships with a diverse range of suppliers and contractors who perform at the highest industry standards and share our commitment to deliver the best every day in advancing health outcomes for all. Our Supplier Diversity Program adds value to our supply chain by proactively seeking out certified Small, Small Disadvantaged, Woman Owned, Veteran Owned, Service-Disabled Veteran Owned, HUBZone, Minority, LGBTQ+ and person with disability owned businesses.

Metrics: In FY21, the Diversity, Equity & Inclusion (DEI) team undertook an enterprise diversity assessment to better understand where inclusion and culture enhancements could be made across the company to promote greater levels of employee engagement and a stronger sense of belonging. By conducting focus group discussions, leader interviews and benchmarking best practices in different industries, we elevated employee voices at all levels and across many cultures, identities, and backgrounds. To further our commitment to DEI, McKesson refreshed our self-identification campaign — branded internally as This is Me. The campaign facilitated opportunities for employees to voluntarily share how they identify, which improved our ability to monitor retention and promotion activities across the enterprise. Specifically, by 2025 we're striving to increase representation for both women (across North America) and people of color (across the United States) at the VP level and above, each by 20% as compared to 2021. In FY21, 36% of our Board members were women and 27% were people of color.

Diversity, Equity and Inclusion

Employee inclusion



Definition: In 2021, Grupo Profarma celebrated 60 years of existence and revisited its organizational culture. This study initiated *Cultura Viva*, a better version of ourselves each day. With this new direction, several programs, projects and actions were created by the Culture, People and Management area, focusing on the development of human capital and our Company.

Commitment: To create a company more diverse, inclusive and inspiring each day. That all our employees can have education, training, development and recognition.

Actions: We developed several projects for the development of our employees. Ciclo de gente; Leadership Academy; University of the Profarma Group; Diversity at Dinner; Ciclo de Palestra; Aceleração de Carreira; Enhancement Program; Health and Well Being Program; Profissa (internship program); Young Apprentice and Female Leadership.

Metrics: GPTW - Awards for the best companies to work in, on a National level; Diversity census (Diversidade em Cena project): the research aims to gather information on employee socio-demographics, and anonymously listen to our employees opinions on representativity, inclusive culture, communication, leadership, business, education and empowerment, infrastructure and accessibility. From that data, we aim to start working on a more strategic plan of action for a medium-to-long-term for the whole Company; The Universidade do Grupo Profarma (UGP) provides more than 500 hours of content, with 20 paths of knowledge and 300 courses, and is available for more than 5,000 employees.

Management Processes and Oversight

Governance Structure for ESG



Walgreens Boots Alliance

Commitment: WBA is committed to transparency in all its ESG activities and in reporting performance against goals of the company. WBA's ESG strategy is central to its business purpose and is overseen by the WBA ESG Committee and reports on a bi-annual basis to the WBA Nominating and Governance Committee. The Nominating & Governance Committee oversees the ESG agenda on behalf of the WBA Board and receives regular updates on the full range of activities undertaken by the Company

Actions: At the board level, the **Nominating and Governance Committee** reviews, at least twice a year, its policies and activities regarding sustainability and ESG reporting. The Committee has overall ESG responsibility. In addition, at the management level, WBA's **ESG Committee** plays a leading role in providing oversight and governance. The ESG Committee is chaired by Chief Operating Officer International *Ornella Barra* and includes senior executives from key WBA businesses as well as team members from key departments. The ESG Committee meets regularly and, in addition to reviewing ESG programs and policy statements, formally approves the WBA annual **ESG report**. WBA has in place a **Global Health, Safety, and Environmental Policy** that includes expectations for each business related to the environment. In addition, WBA maintains environment-related objectives that are tracked and monitored and cascaded to each business to align with local objectives and initiatives.

Management Processes and Oversight

ESG within the DNA



Definition: Embedding ESG within the DNA of the company and ensuring all employees, from board members to employees, are brought along on the journey. Sustainability will be at the heart of Sigma and at the forefront of all departments.

Commitment: Sigma are actively working towards improving our sustainability through the introduction of a new Head of Sustainability. As well as looking after our staff and changing the company culture, we actively support local initiatives and charities. We are proud that our family business is 40 years old in 2022. The environment we work in has changed enormously over the years and we are conscious of our part in the change. The journey started with climate change, looking at reducing emissions and waste, but this has now evolved to incorporate our people and community. We are committed to supporting the future generation...together.

Actions: The start of sustainability was very much about reducing emissions and waste, which we are actively doing by bringing in a new fleet, switching to once a day deliveries, optimising routes, running electric van routes and reducing waste. However, we realised that there was a need to embed ESG within the DNA of our company, starting from the top down. Our mission became to educate ourselves and all employees on the current climate issues and how together we can make a difference. Following our successful sustainability launch day, we now have monthly spotlights on relevant topics such as mental health, and by having strong collaboration with local charities. We run other ad-hoc activities to foster a collaborative and sustainable environment, for example fruity Fridays and taster yoga sessions. Sigma have just introduced a new benefits package for all staff as well as carry out salary reviews for all. This is just the start of our journey

Metrics: We now have 5 newly trained and appointed Mental Health First aiders and a brand new reflection room. 50% more women in senior management posts since mid 2021.