

# Annual Report 2022

Growing Connections



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# Growing Connections

Victoria Stone-Bjarup / 2022 PSCI Chair

HEAD OF ENVIRONMENTAL COMPLIANCE, NOVO NORDISK

## 2022 was the year the world opened up, and the PSCI opened with it.

We resumed meeting in-person, firstly for the Board, then for our suppliers and finally for all our members by the end of the year. It felt great to reconnect and share our stories. It also reminded me again of the importance of this organization, with its bold ambition to shift a whole global supply chain towards excellence in social and environmental outcomes. This ambition we can only realize together, through dogged commitment and – most importantly – connection and collaboration.

In May, Novo Nordisk was able to host the PSCI Board and Leadership group for our first in-person event since the pandemic. We invited the global membership to join us online, holding our Spring Meeting in a hybrid format; some in the room and most online. By our AGM in November we felt confident enough to invite all the US-based members to join us at West Pharma’s site in Exton, Pennsylvania,

livestreaming our discussions globally. This approach worked and we plan to retain it to help control our own travel-related carbon emissions. Our China supplier conference was online, with over 400 supplier sites watching, highlighting again our impact in that crucial market. But for the first time, our India team hosted their suppliers in-person at a three-day conference in Hyderabad. More than 100 people joined us over the three days, listening to best practices, sharing case studies, and asking questions.

This conference was one of my personal highlights from the year as speaker after speaker pointed to the changes the PSCI capability building work has made in their company and the Indian pharmaceutical industry; “five years ago at your first conference, this content was new to us. Now we have our own teams working to improve our companies.” That is the impact we seek to make.



It’s an impact we can only make with scale. My predecessor as Chair, Manjit Singh, challenged us to reach 70 members of the PSCI and this year we passed that milestone welcoming new joiners from across the industry, but also increasingly from within our supply chain. We very much support this - working with suppliers is critical to achieving our vision – but it does pose questions on how we can best nurture these relationships. We have been working behind the scenes on a new model of supplier partnership, and I’ll leave it for Ingrid to tell you more about our plans.

As we grow, we mature. Our operational models have changed this year to reflect our increased membership and ambition. In the pages of this Report, you will read about fresh emphasis on our nine Topic Teams, which provide an amazing platform for subject matter experts across the industry to connect and collaborate. You will see how we have strengthened our audit tools and guidance, driving real growth in sharing via our online platform and thus reducing the burden on suppliers and members. We have added a third, global supplier conference, launched our Maturity Model tools, and professionalized our supplier learning content.

One theme that comes through strongly is the growing importance of decarbonization in our value chains – helping our suppliers to immediately and practically reduce their carbon emissions - and the need for partnerships to tackle it. I am really pleased to have linked with the Energize program and the Sustainable Markets Initiative working together to reach hundreds of suppliers and transform the sector.

Partnering with the SMI and Energize has been one of my personal highlights in my year as Chair, but there have been many others. I am always struck by the quality and effectiveness of our volunteer Board and would like to extend my thanks to every one of the PSCI’s Leadership group for their commitment and contribution. I am happy to leave the Board in Ingrid’s safe and experienced hands, looking forward to another successful year.

“ It also reminded me again of the importance of this organization, with its bold ambition to shift a whole global supply chain towards excellence in social and environmental outcomes. ”



Victoria Stone-Bjarup  
2022 PSCI Chair

# 2022 at a Glance

**New Associate Members**  
**18** P.24

**Total membership**  
**74**

**Key Audit Stats**  
 Audits on the PSCI platform  
**801** ✓ P.12

Audits uploaded  
**196\*** ↑

Audits shared  
**124** ⇄

Audits downloaded  
**5500+** ↓

\*includes remote audits

**Supplier Conferences**  
 Total conference days  
**9** half-days P.15

Total conference attendees  
**2100+**

Number of capability interactions with suppliers  
**3100+**

**Development of online Legislation Tracker** P.18

**Launch of the PSCI Maturity Models to support structured learning and development aligned with the PSCI Principles** P.14

**16** expert webinars delivered to  
**950+** attendees P.16

**Official Sustainability Partner of the CPHI Worldwide** P.21

# Who we are

First started as a collaborative project in 2006 and formally established as an organization in 2013, the PSCI is a membership association of companies in the pharmaceutical and healthcare sectors united by a common vision of excellence in safety, environmental, and social outcomes for the whole of the global pharmaceutical and healthcare supply chain.

Our purpose is to bring together members to define, establish, and promote responsible supply chain practices, human rights, environmental sustainability, and responsible business.

The PSCI Principles are our blueprint for responsible practice, setting out our expectations for five relevant topics.



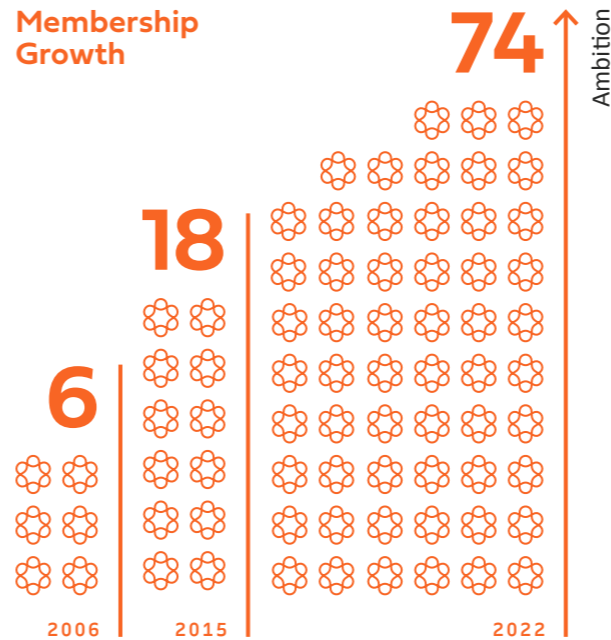
Principles

Members

The foundational commitment of all members is to the **PSCI Principles**. They are our blueprint for responsible practice, setting out our expectations for five relevant topics. Members integrate them into their own supplier codes and uphold them in their operations, aiming for continual improvement by advancing supplier performance over time.

Since our founding, we have grown both in size and scale of ambition from six members in 2006, to 18 in 2015, and 74 in 2022. Our two-tiered **membership** model allows us to be more inclusive by offering an option for smaller companies or those at the start of the journey to learn from peers. At the end of 2022, we also began to work on how we can recognize suppliers as long-term partners given the surge in membership interest from pharmaceutical suppliers.

Membership Growth



We are steadily driving towards our vision for excellence in safety, environmental and social outcomes across the global pharmaceutical and healthcare supply chain.

Board

Committees

Topic Teams

Sub-Teams

The PSCI is a non-profit organization incorporated in the USA. We are led by an elected PSCI **Board** made up of representatives from our member companies who oversee the delivery of the PSCI strategy.

Our workstreams are driven by **Committees** made up of members. The Committees drive our program of audit standardization and sharing and our supplier capability-building work. At the end of 2022, our Governance, Partnerships, and Communications committees merged into one Operations Committee to oversee these elements of the program more efficiently.

The **Topic Teams** are our hubs of expertise. Each team is led by experienced specialists from member companies and these teams work together to create high-quality content and evaluation tools that are shared with other member companies, suppliers, and partners via our capability building workstream.

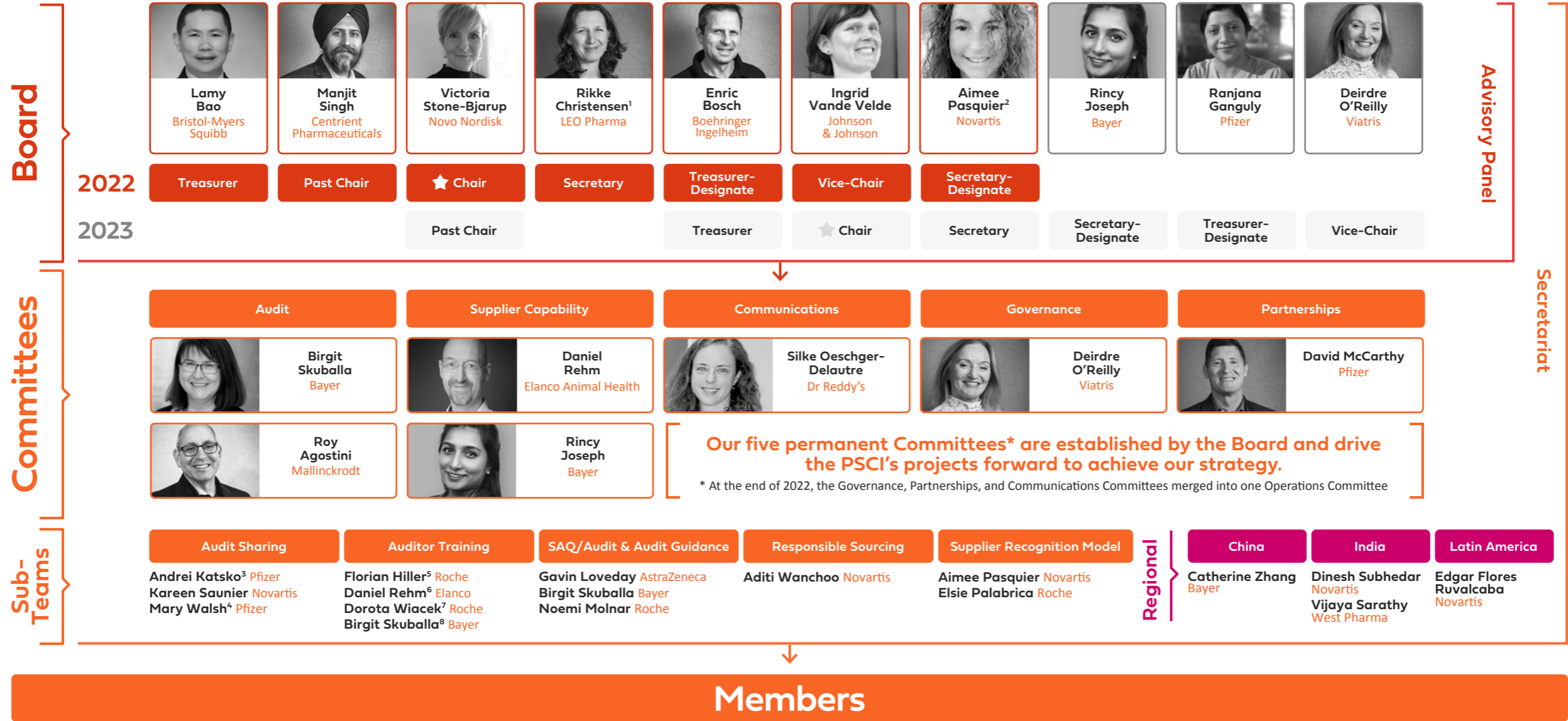
The **Regional Sub-Teams** inject local knowledge and expertise directly into our workstreams and enhance our program offerings on a regional level. These teams are made up of PSCI members and based in China, India, and Latin America.

**The Board would like to record its thanks to all the members of the Committees, Topic Teams, Regional Sub-Teams, and those who lead them.**



The Board, Committees, Topic Teams, and Regional Sub-Teams are supported by a professional Secretariat provided by specialist consultancy [Carnstone Partners Ltd](#). The Board would like to record its thanks to Carnstone.

# Board and Governance



<sup>1</sup> Stepped down in April <sup>2</sup> From April (Secretary-Designate until April) <sup>3</sup> Until September <sup>4</sup> From September <sup>5</sup> Until October <sup>6</sup> Until November <sup>7</sup> From September <sup>8</sup> From October

# Topic Teams

	 <b>Anne-Christine Eisland</b> AstraZeneca		
Health & Safety		 <b>Eliza Renda</b> <sup>1</sup> LEO Pharma	 <b>Kasumi Blessing</b> <sup>2</sup> Novo Nordisk
		 <b>Vivian Rivera Turo</b> Lilly	
		 <b>Vijaya Kumar Bendi</b> Johnson & Johnson	 <b>Daniel Rehm</b> Elanco Animal Health
		 <b>Lamy Bao</b> Bristol Myers Squibb	
Environment		 <b>Bridget Ferarri</b> Takeda	 <b>Lucy Pickett</b> <sup>4</sup> Roche
		 <b>Andrea Fasano</b> Pfizer	 <b>Lynette Cartagena</b> AbbVie
		 <b>Samuel Maynard</b> AstraZeneca	 <b>Paul Barnett</b> <sup>6</sup> GSK
	<p><b>Post open</b> The Management Systems Sub-Team meets on an ad hoc basis only, as and when the need arises</p>		

<sup>1</sup> Until August <sup>2</sup> Until October <sup>3</sup> From August <sup>4</sup> Until September <sup>5</sup> From September <sup>6</sup> Until April <sup>7</sup> From April

\* Scope 3 is now Decarbonization (as of 2023)

# Advisory Panel

Our Advisory Panel challenges our thinking, helps us consider strategic questions, and scans the horizon for future developments.

 <b>Hillary Amster</b> Director of Assurance & Impact	 <b>The Copper Mark</b>	 <b>Gerald Pachoud</b> Managing Partner	 <b>Pluto &amp; Associates</b>
 <b>Fiona Reynolds</b> <sup>1</sup> CEO	 <b>Principles for Responsible Investment</b>	 <b>Sophie Ogilvy</b> Business Integrity Program Director	 <b>Transparency International</b>
 <b>Magdalena Kettis</b> Active Ownership Director	 <b>Nordea</b>	 <b>Sarah Steingruber</b> Advisor	 <b>Global Health and Transparency</b>
 <b>Klaus Moosmayer</b> Chief Ethics Risk & Compliance Officer	 <b>Novartis</b>	 <b>Rosina Wickert</b> VP Janssen Supply Procurement	 <b>Johnson &amp; Johnson</b>
 <b>Esther Tsang</b> <sup>2</sup> Net Zero Manager	 <b>The Body Shop</b>		






<sup>1</sup> Until September <sup>2</sup> From December



# The PSCI Principles

First agreed in 2006, the PSCI Principles for Responsible Supply Chain Management are our blueprint for responsible practice, setting out our expectations for five relevant topic areas.

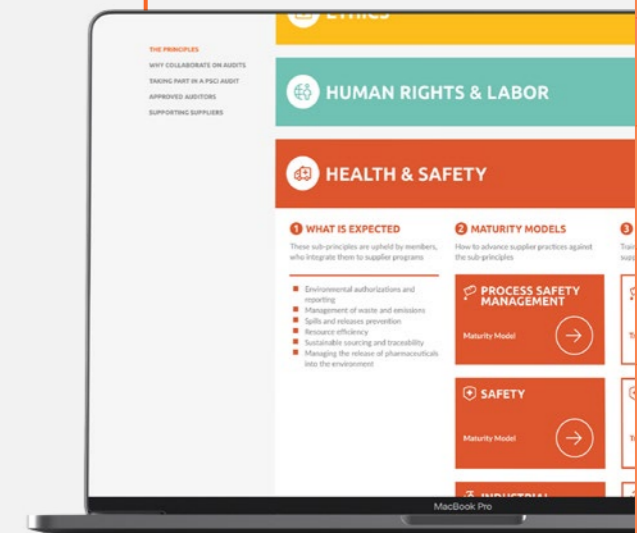
They form the foundation of the PSCI's tools including our Audit Guidance and Templates and our Maturity Model for supplier learning and development. All PSCI members integrate these Principles into their own supplier codes and uphold them in their operations, aiming for continual improvement by advancing supplier performance over time.

 <h3>Ethics</h3> <ul style="list-style-type: none"> <li>■ Anti-bribery and corruption</li> <li>■ Fair competition</li> <li>■ Animal welfare</li> <li>■ Data privacy and security</li> <li>■ Patient safety and access to information</li> <li>■ Avoidance and management of conflicts of interest</li> </ul>	 <h3>Human Rights &amp; Labor</h3> <ul style="list-style-type: none"> <li>■ Freely chosen employment</li> <li>■ No child labor</li> <li>■ Legal treatment of young workers</li> <li>■ Non-discrimination</li> <li>■ Fair treatment</li> <li>■ Wages, benefits, and working hours</li> <li>■ Freedom of association</li> </ul>	 <h3>Health &amp; Safety</h3> <ul style="list-style-type: none"> <li>■ Worker protection</li> <li>■ Process safety</li> <li>■ Proper control of hazardous substances</li> <li>■ Emergency preparedness and response</li> <li>■ Communication of hazard information</li> <li>■ Biosafety</li> </ul>	 <h3>Environment</h3> <ul style="list-style-type: none"> <li>■ Environmental authorizations and reporting</li> <li>■ Management of waste and emissions</li> <li>■ Spills and releases prevention</li> <li>■ Resource efficiency</li> <li>■ Sustainable sourcing and traceability</li> <li>■ Managing the release of pharmaceuticals into the environment</li> </ul>	 <h3>Management Systems</h3> <ul style="list-style-type: none"> <li>■ Commitment and accountability</li> <li>■ Legal and customer requirements</li> <li>■ Risk management</li> <li>■ Documentation</li> <li>■ Training and competency</li> <li>■ Continual improvement</li> <li>■ Identification of concerns</li> <li>■ Effective communication</li> </ul>
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Foundational commitments: Human Rights, Environmental Sustainability, Responsible Business

## Members supporting the Principles:

- 1 Will integrate and apply these Principles in a manner consistent with their own supplier programs.
- 2 At a minimum, operate in full compliance with all applicable laws, rules and regulations; but in many cases behaving responsibly means going beyond these.
- 3 While companies supporting the Principles understand that what is expected is universal, it is understood that the methods for meeting these expectations may differ depending on size and location.
- 4 Understand the Principles are best implemented through a continual improvement approach that advances supplier performance over time.





# Keeping the Principles Up to Date

The Principles undergo a review process every three years and 2022 saw the launch of this process. This two-stage process is led by our Governance Committee and sees our Topic Teams as the main conduit of member feedback and technical knowledge. The Stage 1 review invites feedback from the whole of the PSCI membership as well as external stakeholders who have expertise in a relevant Principle area. A full draft of the proposed updates will be presented to the membership for approval in 2023.

## Stage 1

Gathering themes, ideas, broad changes from Topic Teams and external stakeholders

2022

- Members and external stakeholders invited to input
- Editorial team to review and clarify

## Stage 2

Detailed changes proposed in a full draft to be approved by the membership

2022

- Written draft prepared
- written draft reviewed by Topic Teams, external stakeholders, and Editorial committee

2023

- Final draft prepared, Editorial committee to approve
- Final draft goes to Membership for acceptance

2024

- Updated Principles go into force



A full draft of the proposed updates will be presented to the membership for approval in 2023.

“ There is great value in harmonizing expectations and requirements within the industry. It’s important for all of us that a major industry like the pharmaceutical industry takes responsibility for a sustainable future. The PSCI can have a central role in pushing the industry in the right direction with the PSCI Principles defining the level of ambition.

We, The Swedish Pharmacy Association, see the review of the PSCI Principles as important for Well Chosen, as PSCI Principles are part of our criteria today. In the review and update of the PSCI Principles, we see it as very important that the principles target identified high risks within the industry and that follow up activities are conducted based on these risks.

Well Chosen (Välvald) is a joint sector initiative by Swedish pharmacies to promote responsible manufacturing of over-the-counter medicines. The logo is to be found next to the products sold in Swedish pharmacies that fulfill a set of criteria. One of the criteria is that the company must be a member of PSCI and with that, follow the PSCI Principles. The company must comply with the PSCI Principles within own operations and have written requirements on suppliers to ensure compliance with the Principles, or the equivalent, in the supply chain for over-the-counter medicines. We will continue to develop the criteria for Well Chosen and have the ambition of becoming the first sustainability label for pharmaceuticals. ”

**Lisa Stern Ödmark**  
 Chief Strategist,  
 The Swedish Pharmacy  
 Association



# Our Modes of Impact

The PSCI seeks to build responsible supply chains for the whole of the pharmaceutical and healthcare supply chain. We do this through three main workstreams: audit, capability building, and collaborative projects.



## Audit Program

Our Audit Guidelines establish a standardized framework for a range of audits for suppliers in the pharma and healthcare sector. Our audits reflect the PSCI Principles and are carried out by approved audit firms or PSCI member auditors. Via our shared audit platform, members and suppliers can gain efficiencies on audits and we can track supplier maturity and improvement over time.

## Capability Building

We offer leading capability training at the global and regional level using knowledge from the biggest companies in the pharma and healthcare sector. Members and suppliers at any level of maturity can access our tools, resources, and conferences to upskill themselves and continuously improve.



## Collaborative Projects

Our robust governance structure and sector coverage enables us to develop collective responses and actions on specific topics such as high risk materials or the Musi River Revitalization Initiative.

# Audit



Audit sharing is at the heart of the PSCI’s mission and drives the core of our focus on audit quality and sharing. The PSCI auditing model and tools have become a recognized industry framework for a range of audits for suppliers in the pharma and healthcare sector. Our audits reflect the PSCI Principles and are carried out by approved audit firms or qualified PSCI Member internal auditors. Via our shared audit platform, members and suppliers can gain efficiencies on audits and we can track supplier maturity and improvement over time. The Audit Committee oversees this workstream and is made up of three Sub-Teams that drive our Audit Self-Assessments and Guidance, Audit Sharing, and Auditor Training projects.

## Audit Guidance

We have three main tools for our audit program which we continually improve over time to meet member needs and industry best practice.



### Audit Guidance

provides an overview of the PSCI audit program for members and auditors using the Templates



### Self-Assessment Questionnaires

allow suppliers to assess their own performance in advance of an audit

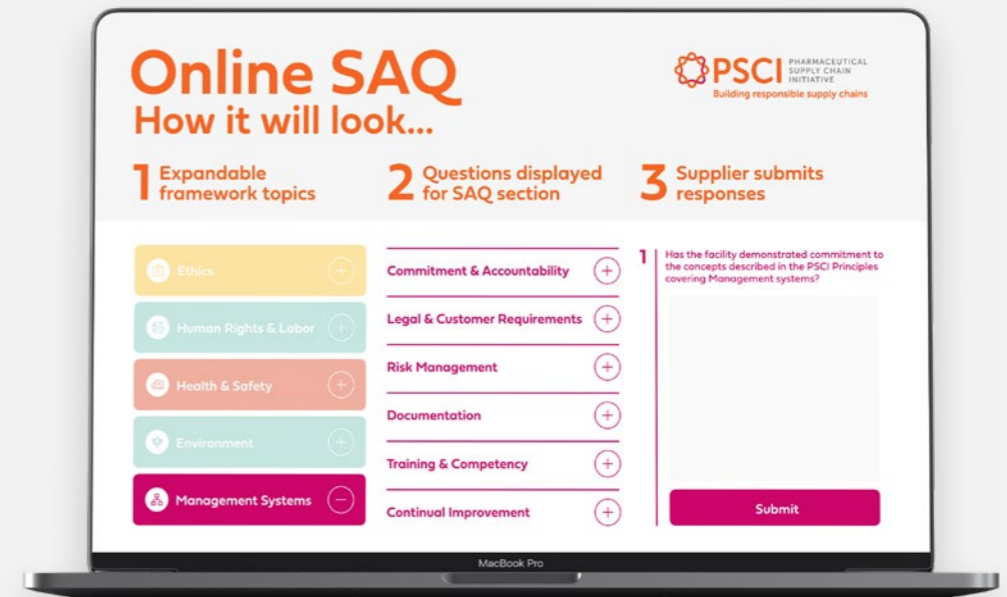


### Audit Templates

help ensure that key sustainability topics are covered in an audit

## SAQ Online

Throughout 2022, we worked to move our Self-Assessment Questionnaires (SAQs) online. These questionnaires allow suppliers to assess their own performance in advance of an audit. Developing an online version is not only more accessible and user friendly, but will also allow members and suppliers to better track progress over time. This easy-to-use interface will provide a supplier with a simple way to provide key information in advance of their audit, all in line with the PSCI Audit Framework. We look forward to launching the online version in 2023.



## Planned Audit Pilot

Collectively, PSCI member companies visit or audit thousands of suppliers every year on ethics, human rights & labor topics, and health, safety, and environmental performance. The PSCI's audit workstream seeks to promote efficiency for both members and suppliers by sharing audit reports between members, helping to ensure that auditing resources are focused where they're needed.

To continue to promote efficiency, we worked on a planned audit pilot where members were invited to share their audit plans for the next 12 to 24 months. The PSCI Secretariat is consolidating these plans, identifying any common suppliers listed, and re-distributing the suppliers amongst members to eliminate any overlap. At the end of this process, those suppliers that have been commonly identified will be audited only once and the final reports will be shared amongst the participating members. This project will continue into 2023 with the audits taking place, thus reducing the burden on suppliers and promoting the true benefits of audit sharing.

Key Audit Stats

Audits on the PSCI platform

801 ✓

Audits uploaded to the PSCI platform in 2022

196\* ↑

Audits shared

124 ↗

Audits downloaded

5500+ ↓



\*includes remote audits

INTERVIEW

### Dorota Wiacek

Supplier Sustainability Audit Program Manager, Roche

*My journey within the PSCI started when I joined Roche in May 2022 as a Supplier Sustainability Audit Program Manager. From almost the beginning of my professional career, I have been dealing with management systems and internal audits. At Roche I got involved in the Sustainability Supplier Assessment Program and I immediately knew that by being a member of PSCI and at the same time joining the Audit Committee, I would be able to effectively contribute to the framework of audit standards and also make sure that the whole PSCI Audit Program gets better and more effective every year.*

*The work of the Audit Committee is not only to ensure that the overall PSCI Audit Program assumptions are consistent and meet the ever-changing requirements of a volatility, uncertainty, complexity and ambiguity (VUCA) world, it is also to select the right partners to implement it together with our members and audit providers, for whom the values and assumptions of PSCI are equally important.*

#### What value do you see in the PSCI's shared Audit Program?

*What needs to be emphasized at the beginning is the fact that the PSCI Audit Program is a tool developed as part of the continuous and active cooperation of all PSCI members. The PSCI Audit Program not only harmonizes the approach to supplier audits within our supply chain, but also, and perhaps above all, is used as a standard that is tailored to the requirements of the pharma companies and is responsive to the specifics of the industry.*

*The PSCI Audit Program provides an opportunity for all PSCI members to benefit from a standardized approach to suppliers' audits, as well as for our suppliers to share their audit results and thus promote their business model, minimize the number of audits, and reduce associated costs.*

*It is also important to emphasize the fact that thanks to this program, as well as PSCI's Principles and activities as a whole, we can build awareness in the area of sustainable development including key human rights issues.*

#### What benefits do you see in the PSCI's approach to audits?

*It would be a huge mistake not to take advantage of the ready-made Principles, standards, templates, and guidelines on how to*

*effectively use them! The PSCI Principles have been implemented into our Roche Supplier Code of Conduct as a reference.*

*The entire Roche Supplier Sustainability Assurance Visit (SSAV) Program that I manage is based on the PSCI protocol. We use available templates and guidelines, we cooperate within the SSAV Program with a PSCI approved audit service provider – one from the list available on the PSCI website.*

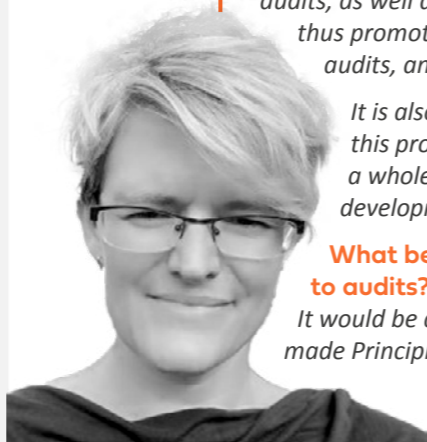
*Thanks to the PSCI platform, suppliers audited by us can share the results obtained during the audit by signing the Data Sharing Agreement (DSA) consent. Every year there are more and more such suppliers and we are very happy about this. It allows us – member companies - to fully utilize the potential of PSCI cooperation and reduce the number and cost of the audits, and for our suppliers it is a great opportunity to confirm the effectiveness of their internal processes and share the results of the assessment gained within the audit.*

#### What is the importance of the PSCI Audit Program and how do you think this will change in the future?

*I believe that the amazing advantage and strength of this Audit Program is that it responds to the needs of the specificity of the pharma industry.*

*The various Committees and Topic Teams and Sub-Teams are working on continuously updating the materials we provide and we work together on how we approach the due diligence of our supply chain. This allows us to keep up to date and also to reflect on how fast the world and the laws around us are changing. This shows that we will not stop in constantly improving what we have.*

*We will look for more and more new topics that are and will be important from the perspective of the pharma industry, we will probably establish new partnerships, new Topic Teams etc. - nevertheless, the fact that the Audit Program will be developed is certain, as we see its advantages and benefits every day. As an example, we are continuing to develop our shared audit plan – this is the first step to harmonize and manage the suppliers' audits even better from the global PSCI perspective. We already see that there is a possibility to plan, coordinate, and make one audit (coordinated by the PSCI Secretariat) instead of three or even more done by each member company by itself. Let's use this opportunity and synchronize our audits even better. We will all benefit from this.*



## Auditor Training

PSCI Audits are carried out by approved audit firms or qualified PSCI Member internal auditors. Our Auditor Training Sub-Team qualifies and approves third-party audit firms and organizes our ongoing engagement and training with these firms. Overall, 18 firms are approved to carry out PSCI audits.

**Courtney Soulsby** Global Director, Healthcare sector, BSI

### Why did BSI decide to partner with the PSCI on audits?

BSI has been an approved audit firm since the early start of the PSCI supplier audit program. BSI continues to support the PSCI because of the recognition that a journey towards supplier improvements is one that requires dedication and commitment over time. As a National Standards Body and an organization with deep consultancy and supply chain audit expertise, BSI was keen to participate in the PSCI program given the advantages of industry alignment on audit criteria and the engagement approach with the suppliers.

BSI has a long-standing relationship with the healthcare industry in conducting assessments against regulatory and industry requirements, given on our role as a Notified Body assessing on behalf of the regulators for the medical device sector. We view the PSCI's focus on driving consistency and improvement across the global pharmaceutical supply chain as a match between our shared missions. **BSI is proud to work with the PSCI – who have managed to form and execute a strategy in raising the bar for pharmaceutical industry Ethics, Labor & Human Rights, Health & Safety, Environment, and Management Systems.**

### Why do you think collaboration on audits is important?

Ecosystem-wide consensus on best practice criteria or requirements is a shared vision between BSI and the PSCI, as it has been known to lead to more efficient and effective adoption of such requirements across the industry. So instead of focusing efforts on “how do we identify or interpret the requirements,” the pharmaceutical industry can instead focus on how to improve their practices against the set of requirements and strive for long-term improvement, rather than just passing an audit. This type of audit collaboration takes the industry on an improvement journey together, against a shared set of best practices, between pharmaceutical customers and their supply chains, rather than hierarchal and historical customer-supplier transactional relationships.

### What value do you find in the PSCI Audit Program and how do you think it benefits the pharmaceutical industry?

The value of the PSCI audit program is found in the aligned expectations for suppliers – which leads to suppliers being able to clearly and holistically embed safety, environmental, and ethical best practices into their operations. Through our audits, BSI is seeing a wide range of audit findings and collaborative improvement opportunities across the core categories of requirements, but there can be some data and trending of common findings that can also be a value in the PSCI program.



INTERVIEW

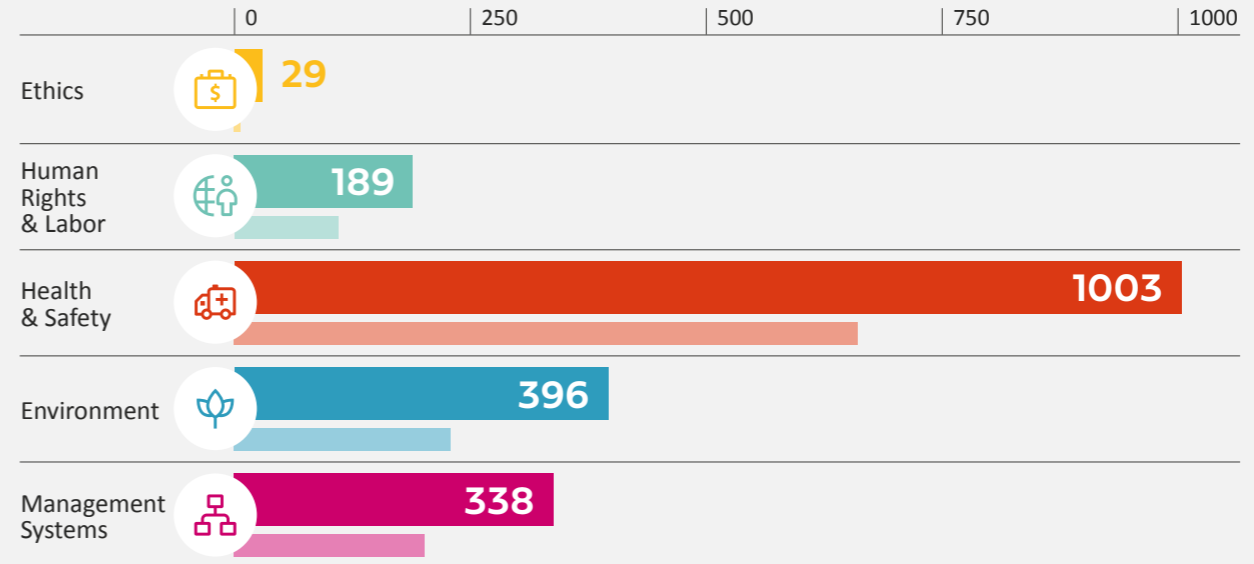
## Audit Findings Analysis

Every year, we analyze the findings from audits on the PSCI platform under the relevant topic areas of the PSCI Principles. This gives us visibility over how audit findings are changing over time and our impact on the industry. Health & Safety continues to be the area with most findings, reflecting the most common areas of concern for members (almost all audits include Health & Safety, but not all include other topics like Labor and Ethics).

### 2022 audit findings

Change in share of total 2022 (solid) vs 2021 (tint).

Total number of audit findings in 2022 → **1955**

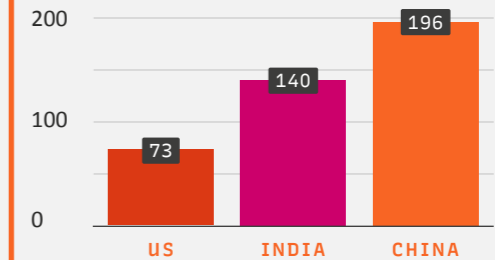


These include HSE, Labor and Ethics audits, HSE only audits, and Labor and Ethics only audits.

### Main three Audit Findings topics

- Occupational Health and Industrial Hygiene**  
Health & Safety
- Hazardous Substances Environmental Risk Management**  
Environment
- Wages, Benefits, and Working Hours**  
Human Rights & Labor

### Principal Audit Countries\*



\*Cumulative number of audits on the platform 2015-2022

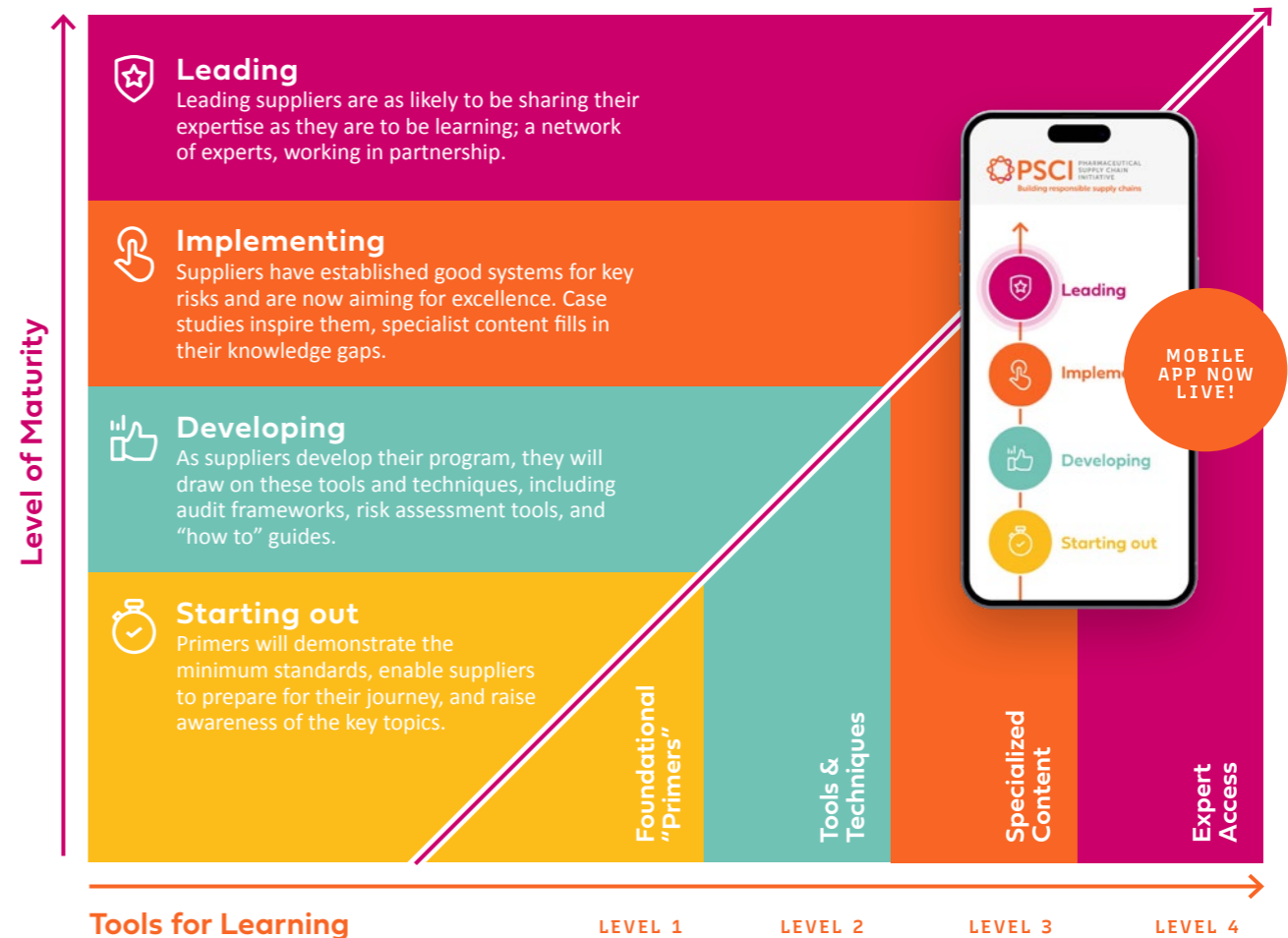
# Capability Building



One of the most sustainable ways to drive responsible practices in the pharmaceutical and healthcare sector is to enable suppliers to improve themselves. Our Supplier Capability Building workstream seeks for the PSCI to become a driving force for learning and development for suppliers to the industry. We provide free, expert-led conferences, webinars, and online tools linked to our Maturity Model to enable members and suppliers to develop their responsible supply chain practices in line with the PSCI Principles. This work is led by the Capability Committee with expert input from our Topic Teams and Regional Sub-Teams for China, India, and Latin America.

## A Maturity Model for Responsible Supply Chain Practices

To provide a structured learning path for suppliers to understand the maturity of their practices, the PSCI provides a Maturity Model for supplier learning and development. Using the topic areas of the PSCI Principles as a framework, suppliers can use the model to understand where they meet the expectations for responsible practice set by PSCI member companies, as well as access resources to evolve their practices over time. Our expert Topic Teams lead the creation of this content and in 2023 they will continue to develop resources at the 'leading' end of the model. In early 2023, a Maturity Model app was also launched to enable suppliers to have the model and resources at their fingertips and embed it into their day-to-day practices.



“The Maturity Models are a great step ahead for the PSCI. They allow all suppliers to assess themselves against the requirements of the PSCI Principles and to identify gaps and areas for improvement. This allows the suppliers to be much more targeted in their development.

Through our models and complementary learning plans, I believe we will see an acceleration of capabilities over the next few years. This not only has benefits for the suppliers to track their own progress and learning, but also those in our member companies to support their own knowledge on a shared path of continuous improvement.”

**Daniel Rehm**  
Lead HSE Advisor, Elanco





## Supporting Supplier Learning and Development

In addition to the text-based content accessible in our Maturity Model, we deliver a range of dynamic learning opportunities for pharmaceutical and healthcare suppliers. These include our regional Sustainability Conferences in China and India and our expert webinar program.

### Supplier Conferences

Our most popular learning and development offering is our conferences for pharma and healthcare suppliers. Our multi-day conferences in China and India provide 2,100+ attendees with an introduction to key sustainability topics like Ethics, Human Rights & Labor, and Decarbonization delivered by specialists from PSCI member companies. These conferences are enhanced by the knowledge and insights of our local China and India Regional Sub-Teams, as well as our audit firms and local association partners on the ground. We were delighted to return to our first in-person conference since 2019 at Novartis India and look forward to hosting more in-person conferences in the future. In 2023, we will deliver a virtual conference aimed at suppliers in North America, the EU, and Latin America.

Highly rated sessions

China 	India 
1 New labor codes	1 Hazardous Area Classification
2 Waste Minimization - application of flow chemistry	2 Engaging Suppliers to Reduce Scope 3 Emissions Towards Net Zero
3 Industrial Hygiene Modelling	3 Ban on Identified Single Use Plastic - The Whats, Whys and Hows
4 GHG Emissions Accounting	

Key Stats

Total conference days

9 half-days

Total conference attendees

2100+

Number of capability interactions with suppliers

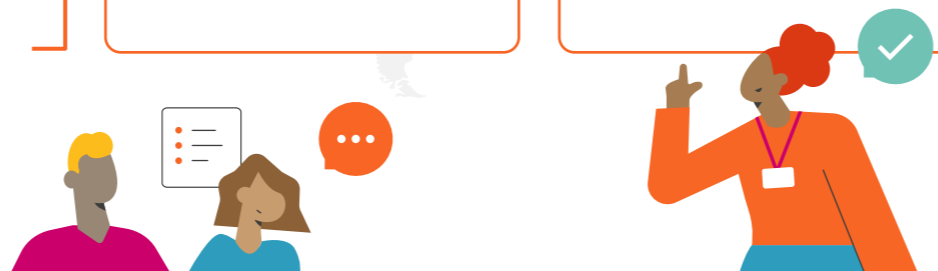
3100+

Number of supplier users registered on our online platform, The Link

1547

“We enjoyed a great PSCI China Supplier conference last week! I’ve never seen such a successful conference before. My colleagues in the EU & US also spoke highly of the event.”

**Victor Ren** Novartis



## Expert Webinar Program

Led by our Topic Team members, our monthly webinar program provides attendees with foundational knowledge sessions on topics like product stewardship, as well as the latest updates on areas such as chemical legislation. These webinars are delivered by specialists from PSCI member companies as well as key partners such as International Safety Systems (ISS) and Safebridge.

Key Stats

Total number of webinars

16

Total number of webinar attendees

996

Top 5 Webinars

By attendees:

- 1 Particulate Containment Verification with Surrogate Monitoring
- 2 Lab Safety
- 3 Safety Integrity Level Concept
- 4 Human Rights Due Diligence in Practice
- 5 An Introduction to the Maturity Models



INTERVIEW

**Catherine Zhang**  
Regional HSE Manager, Bayer

**What are you most happy about the China Regional Team achieving in 2022?**

*The year of 2022 was a very challenging year for China, with the continuing impact of Covid-19 on the economy and especially the supply chain. I am deeply impressed by the numerous successes that the China team has achieved and how we have overcome the challenges – the team has supported the organization of the Supplier conference that attracted close to 2,000 attendees from 446 sites. The supplier conference was a truly joint effort – our member experts volunteered to prepare the training materials, experienced consultants joined us to share experience, and most importantly, the membership made great efforts to engage our suppliers to share their good practices and first-hand knowledge. As a result, the event made a huge impact towards helping suppliers establish higher standards in their HSE practices and sustainable development in general.*

**What is the benefit of the China team on the ground and what do you support?**

*China is one of the biggest pharmaceutical supply hubs, core to the world's pharmaceutical supply chain. Many of our China team members directly lead the PSCI audits conducted on the local supplier sites, and therefore, have practical understanding of what challenges the Chinese suppliers are facing and how we can continuously help to improve their performance on the sustainability front. Our team also supports the*



CHINA IS ONE OF THE BIGGEST PHARMACEUTICAL SUPPLY HUBS

*development of local partnerships and broader networking for the PSCI.*

**What excites you about the team's work in 2023?**

*In 2023, I am very excited by our plans to generate more impact through various activities and events, especially the upcoming PSCI maturity models webinars dedicated to local suppliers and the face-to-face conference in the autumn. Such events will provide value-added solutions for suppliers to tackle challenges identified in audits and achieve improvement over time.*

“

**As a result, the event made a huge impact towards helping suppliers establish higher standards in their HSE practices and sustainable development in general.”**



Catherine Zhang  
Bayer



## Sivala Ravi Kiran

Head of Corporate EHS and Sustainability, Biocon

### Why does Biocon engage with the PSCI?

Biocon engages with the PSCI to improve our EHS and Sustainability performance. We adhere to the PSCI Principles for Responsible Supply Chain Management and influence our suppliers by conducting capacity building trainings. The best thing the PSCI platform provides is best practices across the different scale of companies in pharmaceutical industry. The PSCI network guides us towards making our business and supply chain responsive in the future to issues around human rights, environment, health & safety, ethics and management systems. Both our organization and employees have regularly benefitted from the resources and network provided by the PSCI. We have improved our scores in external sustainability rating platforms as a result of our engagement with the PSCI.

### What excites most you about PSCI?

The PSCI hosts conferences which is the most exciting initiative as it provides us the networking opportunity with best professionals in India and beyond.

BIOCON ENGAGES WITH THE PSCI TO IMPROVE EHS AND SUSTAINABILITY PERFORMANCE



“ I had speaking at the PSCI India Supplier Conference as a personal objective. ”

The sharing of experiences and challenges faced in pharmaceuticals helps us to

understand and brainstorm over common solutions. This makes PSCI conferences more relevant.

The technical sessions are organized in such a way that most professionals have been able to use their learnings at work. Non-PSCI members are also given opportunity to present their experiences on the same forum. The open nature of such conferences shows the commitment of PSCI to bring inclusive impact in pharmaceutical industry.

### What value do you think PSCI adds to your company and the industry as a whole?

The PSCI is the frontrunner guidance platform for all major pharmaceutical companies to run their business responsibly. This industry has several challenges which we have to balance to serve patients first and fast. The PSCI platform unites the organizations and their supply chain to follow the Principles along with best practices.

At Biocon, we have benefitted by getting impactful feedback from the resources offered by the PSCI. We undergo comprehensive PSCI EHS Audits by our customers which helps in continuous improvement of our operations. Our other customers in this network can easily access audit report on the PSCI's shared audit platform and save cost and time by avoiding duplication. The PSCI's capacity building trainings, webinars, and industry accepted content on EHS & Sustainability develop our employees' skills and know-how of worldwide best practices. The combination of e-tools, guidance, and resources makes the PSCI a one stop solution for not only organizations, but also for individuals associated with Pharma industry.

INTERVIEW

“ The Pharmaceutical Supply Chain Initiative supports our industry to initiate best practices in sustainability. ”

Sivala Ravi Kiran  
Biocon



# Collaborative Projects

Our reach, cooperative nature, and robust governance structure enables our members to come together to develop collective responses to emerging topics or work on special projects. These range from flash member calls on geopolitical issues to developing position statements on the UN Guiding Principles for Business and Human Rights. In addition to our core focus on audit sharing and supplier development, our members see the PSCI as a valuable platform to tackle industry-level issues together.



## India Wastewater Lab

Pharmaceuticals in the environment (PiE) are an important issue and the subject of increasing focus by the media, governments, NGOs, and the wider public. For a number of years, the PSCI has been engaged in projects and campaigns related to this issue, specifically the Musi River Revitalization Initiative which seeks to support manufacturers in the local area to improve their wastewater treatment processes. As a next step in the project, the India Sub-Team launched a project in 2022 to support the development of wastewater testing capabilities in India. Despite the large presence of the pharmaceutical manufacturing on the Indian sub-continent, wastewater treatment analyses are minimal and samples for testing are consistently sent to laboratories in the US or Europe. Through an in-depth analysis and identification of laboratories within the country, the India Sub-Team aims to support the development of wastewater treatment testing for PiE and build local capacity.



THE INDIA SUB-TEAM AIMS TO SUPPORT THE DEVELOPMENT OF WASTEWATER TREATMENT TESTING



## Legislation Tracker

The regulatory landscape related to responsible supply chain management continues to evolve rapidly and is moving steadfastly towards mandatory due diligence reporting. In order to stay on top of emerging regulation at both the national and regional level, PSCI members came together in 2022 to develop a Legislation Tracker. This dynamic tool allows members to see a breakdown of key pieces of legislation such as the German Supply Chain Act or the EU Corporate Sustainability Reporting Directive and identify where and how they intersect with the PSCI Principles. The tracker also guides users towards relevant PSCI resources such as briefing notes, guidance, and audit tools for the related topic area. The tool will be launched and updated with new legislation in 2023.

# Partners

We enjoy a range of collaborations and partnerships with organizations that share our vision and help us achieve our strategic objectives.



Arcadis



ACS Green Chemistry Institute



The Anti-Microbial Resistance (AMR) Industry Alliance



Chemleg



China Pharmaceutical Enterprises Association (CPEA)



CPHI



TESTIMONIAL

## Silvia Forroova Partnerships & Sustainability, Informa

*The PSCI's work and initiatives are extremely valuable for the pharma industry as they promote responsible supply chain management, which can lead to improved supplier performance, increased transparency, risk mitigation, and leadership in sustainability and social responsibility. By adhering to the PSCI Principles, pharmaceutical companies can ensure that their suppliers operate responsibly and sustainably. As the pharma industry faces increasing scrutiny over its environmental impact and ethical practices, collaborating with the PSCI helps demonstrate CPHI's commitment to sustainability and responsible business practices.*

*At CPHI, it is our mission to embed sustainability in everything we do and help our customers and specialist markets to do the same - from our operations and business practices to the knowledge and information we provide to our audiences and communities, we are committed to making a positive impact via inspiration, education, and enablement. Through connecting stakeholders, championing best practice, and curating expert content, our aim is to help advance innovation and solutions-led actions to tackle the challenges in our sector.*

*Our collaboration with the PSCI helps raise awareness and encourages the adoption of responsible supply chain management practices among our exhibitors and event attendees. It also enhances industry networking and collaboration - it provides our exhibitors and attendees with a valuable opportunity to network and collaborate with other industry stakeholders who share a commitment to responsible supply chain management. This can lead to increased knowledge sharing, best practice dissemination, and collaborative problem-solving.*

**“** The PSCI's membership base and CPHI's exhibitors include some of the largest pharmaceutical companies in the world, and these companies' impact becomes our impact multiplier within the industry thus increasing information spread, access, and new opportunities for learning from organizations with experience in this field. **”**

*Our partnership with the PSCI is an exciting one with content in the pipeline covering relevant challenges and solutions which are important considerations for the pharma industry.*

*As we learn and shape our understanding of what new issues and questions the industry is facing, we solidify our commitment to aiding our industry's work and development for a better, more sustainable, transparent and greener future.*



**“** The PSCI needs to be always in close contact to our suppliers in order to promote responsible supply chain management and better business conditions across our industry. CPHI Worldwide represents the biggest gathering for the pharmaceutical supply chain and key supply chain partners. We were delighted to be the Official Sustainability Partner for CPHI Worldwide and exhibit on the show floor alongside our members and partners. It was a dream come true! **”**

**Enric Bosch**  
Global Third Party Chemicals Manager,  
Boehringer Ingelheim



DEKRA



EFPIA



Green ChemisTree Foundation



ILO Global Business Network on Forced Labour



Institute of Public and Environmental Affairs (IPE)



International Safety Systems (ISS)



Karnataka Drugs & Pharma Manufactures Association (KDPMA)



PEG



ACS Pharmaceutical Roundtable (GCIPR)



R&D-based Pharmaceutical Association Committee (RDPAC)



SafeBridge Consultants



Swedish Pharmacy Association - Apoteksforeningen



Verisk Maplecroft



“ By adhering to the PSCI Principles, pharmaceutical companies can ensure that their suppliers operate responsibly and sustainably. ”

Silvia Forroova  
Partnerships & Sustainability, Informa

# Financials

All the financial data on this page is taken from the PSCI financial statements for the years ended 31st December 2020, 2021, and 2022.

The PSCI is funded by members paying annual subscriptions based on their size and level of commitment. Associate Members pay a financial premium reflecting the greater nonfinancial contributions made by Full Members. In 2023, a new fee structure will come into force, creating a new tier for companies with annual revenue of \$30b.

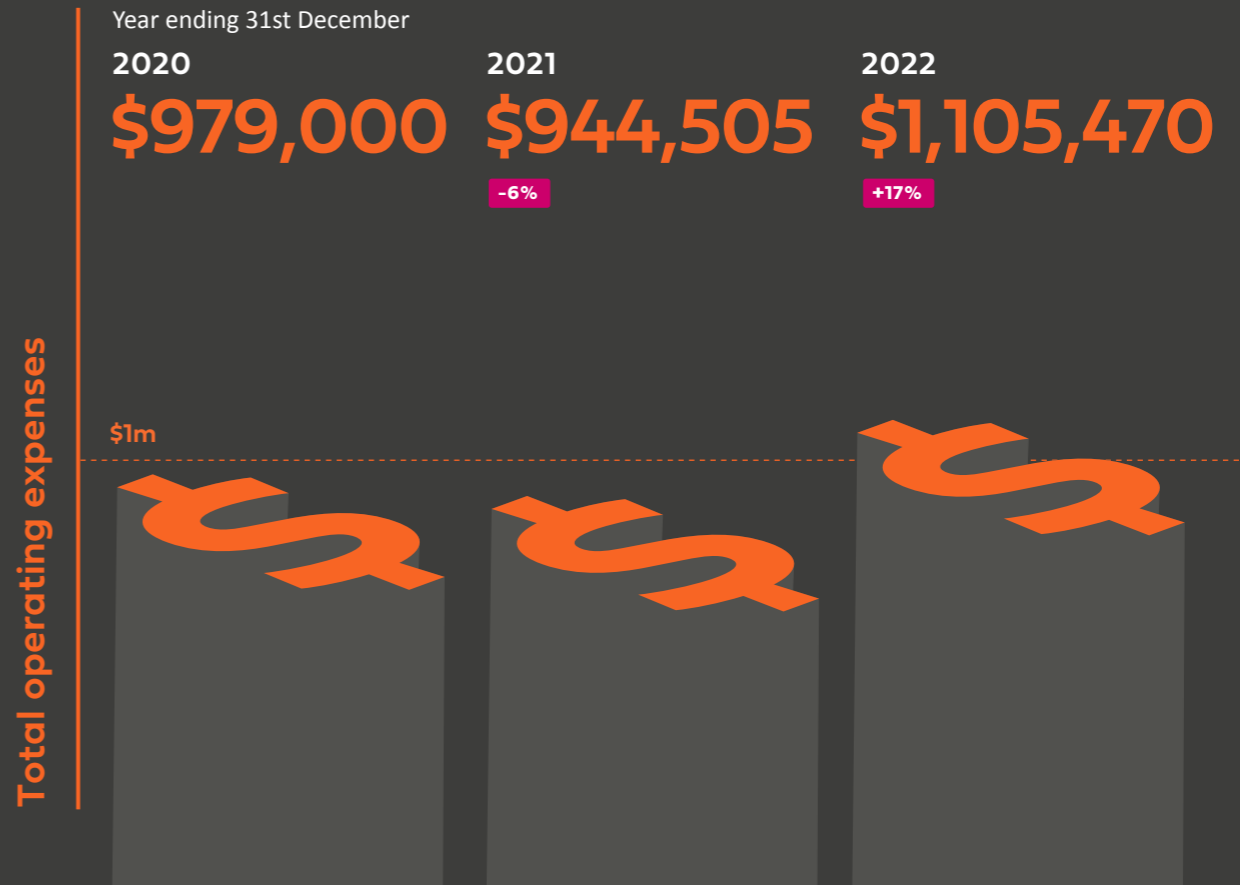
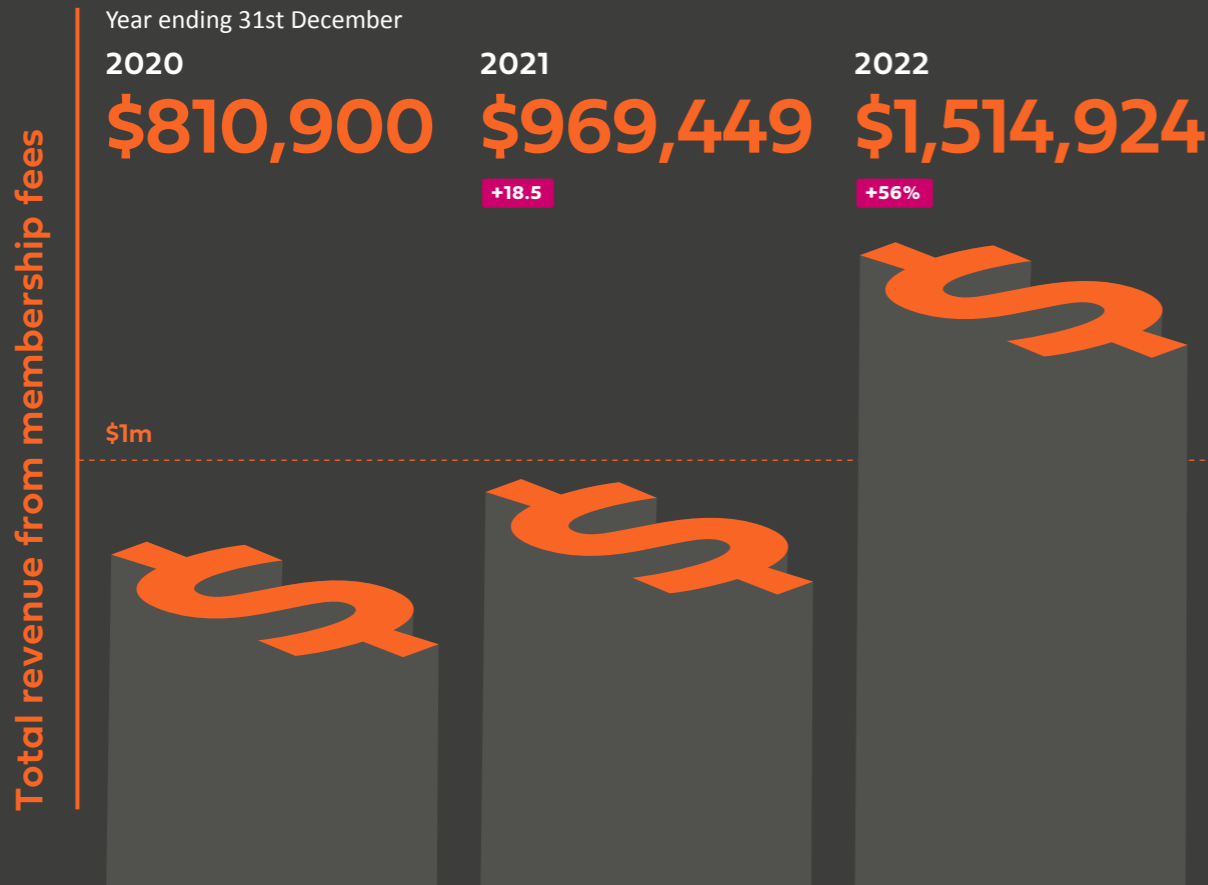
Revenues in 2022 were \$1,514,924, a significant increase from 2021 driven by growth in Associate members from 22 to 40 by the end of 2022.

Expenditure is incurred in the organization and management of the PSCI and on projects and events to promote responsible supply chain practices.

Expenditure in 2022 was \$1,105,470, which included our first set of in-person member meetings and supplier conferences since 2019, as well as a new fund for member-led special projects.

The PSCI has not-for-profit status, allowing it to be mission-driven and representative of its members. Unspent membership fees are retained as reserves to be invested into projects and programs in future years.

The PSCI Board comprises seven Directors, including a Treasurer, all of whom are answerable to members at two face-to-face meetings each year, including the PSCI's Annual General Meeting. The finances are overseen by the PSCI's Treasurer with support from our independent accountants, BDO.



# Our Members

74 Members Worldwide in 2022

34 Full Members

40 Associate Members



When you join the PSCI you join a community committed to promoting responsible supply chains and better business conduct.

The PSCI has two levels of membership: Full and Associate.

**Full membership** is designed for companies that wish to actively participate in the PSCI and take a leadership role by sharing audits and participating in our Committees, Topic Teams, and Regional Sub-Teams. **Associate membership** is tailored for companies that are at an earlier stage in their responsible supply chain program and wish to take a less active role. Associate membership is a pathway to Full membership and it's our hope that members mature and graduate in time with our support.

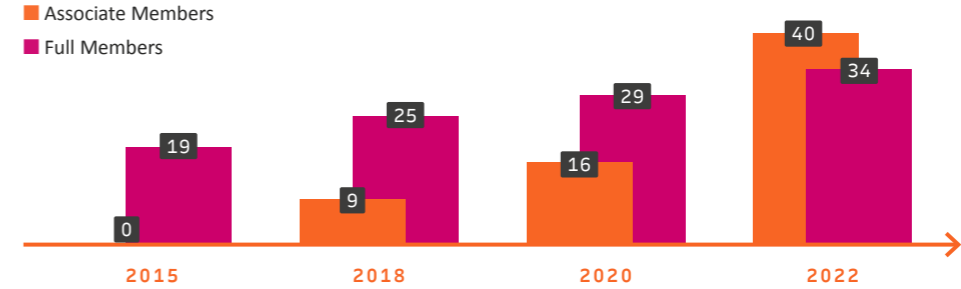


# Our Members

74 Members Worldwide in 2022

34 Full Members

40 Associate Members



# The Year Ahead

Ingrid Vande Velde / 2023 PSCI Chair

SENIOR MANAGER EH&S EXTERNAL SUPPLY EMEA AND ASIA PACIFIC, JOHNSON & JOHNSON

## I take the chair of the PSCI with the collaboration in great health.

Membership, finances, and organization are all growing and all our challenges are positive ones.

First on our agenda for 2023 is to embed the revision of PSCI Principles. These Principles are the bedrock of all we do and we update them on a three-year rolling cycle using feedback from members, advisors, and stakeholders. I am very grateful for all the consideration and inputs from colleagues and supporters (particularly those who worked with me on the Principles Editorial Panel). The new revision places management and governance as the foundation of all the Principles, emphasizes human rights and climate change, and broadens our approach to safety and risk. I look forward to launching the new version at our Spring Meeting.

As Vicki said in her introduction, we are working on a new approach to recognize and partner with supplier companies. It is our intention that committed companies across the supply chain should be able to have their engagement and achievements recognized. Once they have transparently shared audits, used our Maturity Model tools, and committed to a journey of improvement, we hope to be able to reciprocate with a more formal partnership, bringing those supplier partners closer to our decision making and planning and publicly rewarding their efforts.

As we grow, The Link - the PSCI's website and learning platform – increasingly forms the global point of connection where members and suppliers stay up to date, share audits, and access our resources.

In the year ahead we plan to streamline and improve our online learning offer and overhaul the platform. This will make it easier to navigate, more rewarding to use, and accommodate the growth in users.

These three developments – and the many more that you will have read about in the preceding pages – make 2023 a great year to update our strategy. It will also be our 10-year anniversary as an incorporated organization. Our existing three-year strategy is nearly complete, concluding at the end of December. I look forward to leading my Board colleagues and Leadership team in a review and development of the next three-year plan, taking us all the way to the end of 2026.

My own journey with the PSCI began in 2014, and since then I have helped plan and lead our China and India conferences, co-led our Capability Building Committee, and served on the Board. Now it is a great pleasure to take the chair from Vicki to whom I would like to record my thanks and appreciation for all her work. It has been rewarding to watch the PSCI community grow and connect over that time. But the biggest pleasure during that period is seeing the industry change, environmental and social practices and outcomes steadily improve, and knowing that we have played our own important part in that transformation.



These three developments – and the many more that you will have read about in the preceding pages – **make 2023 a great year to update our strategy.** It will also be our 10-year anniversary as an incorporated organization.”



Ingrid Vande Velde  
2023 PSCI Chair

### Roadmap





## Start the journey to a more sustainable future

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 PSCI

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