

-Lessons Learned- Making the Business Case for Supply Chain EHS Initiatives

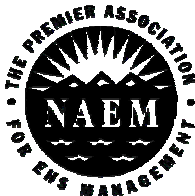
NAEM Benchmarking Best Practices In Supply Chain Management
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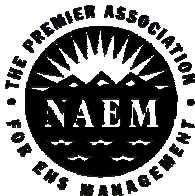
Lesson 1: Alignment is Important

- ❑ Organizations
 - Corporate, Group and Site
- ❑ Terminology
- ❑ Company Culture
- ❑ Company and organizational strategies and goals
 - Integrate into existing strategies – don't create new ones
- ❑ Find common ground and customize your efforts accordingly



Finding Common Ground

- Turf issues **Storming**
 - Information overload, time and resources
-
- Dialogue **Norming**
 - Common ground (common goals)
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- Collaboration **Forming**



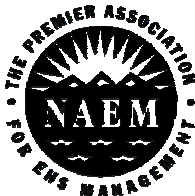
Pfizer's Common Ground

- Business Group Procurement
 - Supplier Management objective: Cost & Quality
 - Labor
 - Margin
 - Materials
- Global Procurement
 - Supplier Management Objective: Cost & Quality
 - Institute of Supplier Management Principles of Social Responsibility
- Corporate Citizenship
 - Supplier Management (Sustainable Development, CSR)
 - UN Global Compact
 - External Stakeholders (DJSAM, FTSE4Good, GRI etc.)



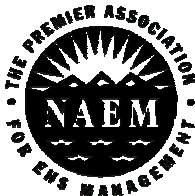
Lesson 2: It Takes Time

- Establish policy (standard or guideline)
- Analyze the opportunity (spend, risk, liability, hazards)
- Develop methods and tools and identify programs to assist you
- Pilot test program
- Develop business case
- Full scale implementation



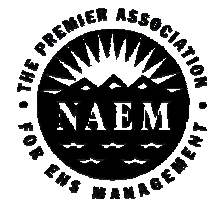
Lesson 3: Expanding Scope

- ❑ Direct Suppliers vs. Indirect Suppliers
- ❑ Developed vs. Developing Countries
- ❑ Business Continuity: Risk, Liability and Compliance
 - Fire
 - Security
 - Health and Safety (Process Safety and IH)
 - Environment
- ❑ Footprint: Operational Efficiency and Cost Reduction
 - Waste & materials reduction
 - Energy and water conservation
 - Inventory control
 - Process optimization
- ❑ Social Concerns (stakeholders)
- ❑ Business Size (small & mid size companies)



Lesson 4: Resources

- ❑ EHS Staffing
 - ❑ Leverage existing resources
 - Supply Chain & Procurement
 - Plant EHS
 - Plant Purchasing
 - Supplier Partnerships
 - Engineering
 - ❑ Tap into programs to support and facilitate implementation (e.g. GSN, WEC, Industry Consortiums/BSR, CHWMEG, Smartway, GESI)
 - ❑ Other (GEMI, Government, Consultants, NGO, Web)
- People like this work and want to help**



Pfizer Business Case Overview

Direct Suppliers – Contract Manufacturers

Supplier	Strategy	Desired Benefit	Status
Active Ingredients (≈ 100 suppliers)	Inspection - EHS, Fire, Security, Risk, Labor/Social Issues	Business Continuity Brand Strategy Alignment Capacity development Implementation efficiency Operational efficiency – Footprint	Implementation Phase Long Way to Go in Developing Countries More mature program in developed countries Refining management system
Drug Product (≈ 500 suppliers)	Inspection/ Surveys - EHS, Business Continuity, Risk, Labor/Social Issues	Similar to above	Implementation Phase
Product Materials (e.g. Packaging etc.)	Product Specification, Lean and Clean Reviews, Partnerships with Suppliers	Operational efficiency - Footprint Cost reduction	Pilot Phase



Pfizer Business Case Overview

Indirect Suppliers

Supplier	Strategy	Desired Benefit	Status
Copier and Printer Paper	30% Post Consumer Content	Footprint Cost Neutral	Implementation
Waste Disposal	Increased recycling and reuse	Footprint and reduced cost	Implementation
HVAC & Refrigerants	Ozone Depletion & Compliance	Footprint and reduced costs	Implementation
AE & CM Services	Green construction and renovation; Contract Specification	Footprint, reduced costs	Implementation
Cafeteria Services	Waste Management, Injuries, materials	Footprint, safety, cost neutral	Implementation
Janitorial Services	Greener Cleaning agents	Safety, reduced costs, footprint	Pilot to implementation
Office Supplies	Remanufactured Toner Cartridges	Footprint Reduction cost	Pilot to implementation
Travel Services	Energy Conservation	Footprint and reduced costs	Analysis

