VETERANS FOR PHARMA

ESG & SUSTAINABILITY REPORT 2025

January 2025

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Executive Summary

Our Commitment to ESG and Sustainability

Veterans For Pharma (VFP) is steadfast in the belief that business success and societal progress go hand in hand. As a service-disabled veteran-owned small business (SDVOSB) and minority-led enterprise, we take pride in seamlessly integrating military precision with global business acumen to deliver on the promise of responsible pharmaceuticals and sustainable healthcare supply chains. Our mission, rooted in service, innovation, and ethical leadership, compels us to treat every challenge as an opportunity—for advancing health science, safeguarding the environment, and empowering the communities we serve. In an evolving ESG (Environmental, Social, and Governance) landscape, VFP's commitment is bold: we aim not only to comply with the highest environmental and social standards, but to lead by example, drive continuous improvement, and embed responsible practices across all aspects of our operations.

This 2025 ESG & Sustainability Report affirms our accountability to stakeholders, partners, and regulatory bodies. It highlights detailed strategies for the measurement and reduction of Scope 1, 2, and 3 greenhouse gas (GHG) emissions, aligns our progress with the United Nations Sustainable Development Goal 12 (SDG12)—responsible consumption and waste reduction—and outlines VFP's transparent and stakeholder-inclusive approach to sustainability reporting. We hope this report will resonate with our clients, partners, veteran community, and all those committed to building a more sustainable future in pharma.

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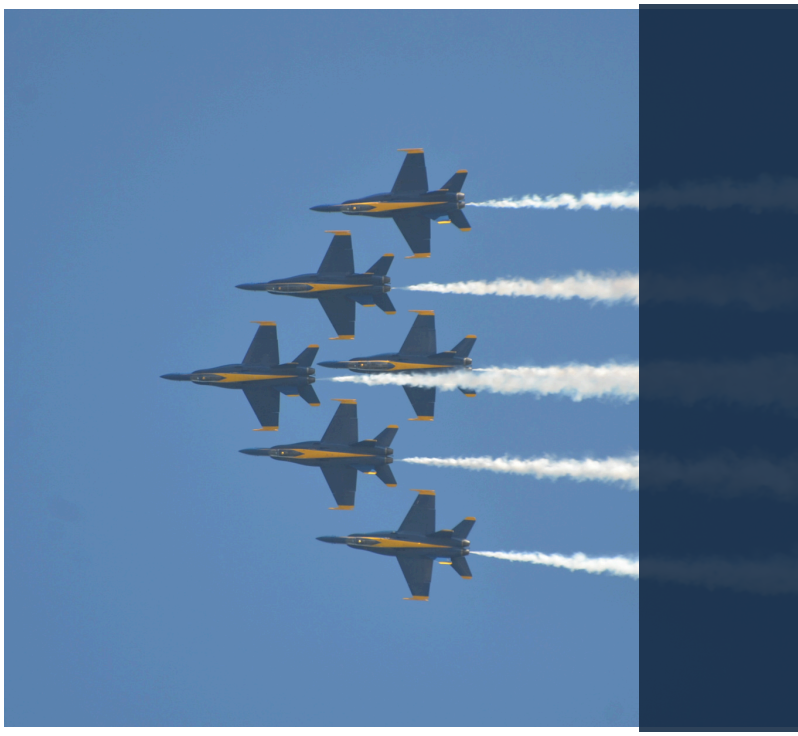
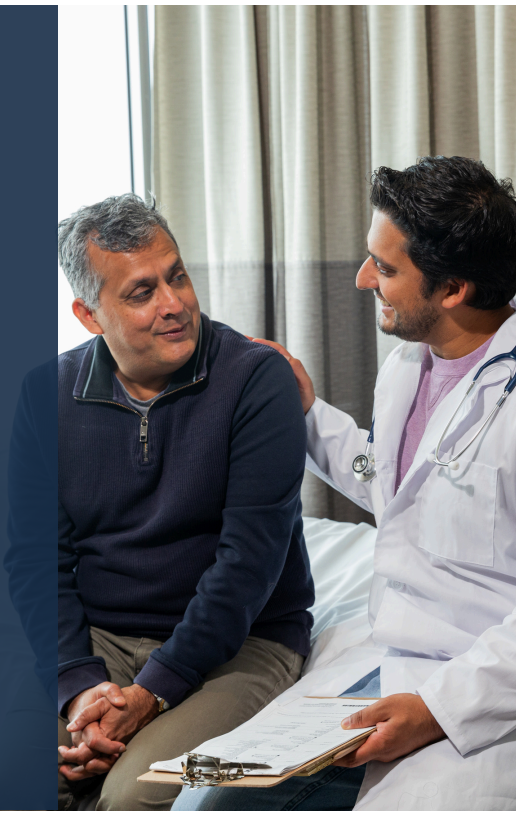
Company Overview

About Our Company



VFP is rooted in the values forged by our founders—Anthony Theriault, a service-disabled U.S. Coast Guard veteran, and entrepreneur Sunny Lakhani, a minority small business owner. With decades of combined experience in federal logistics, global supply chains, and international manufacturing, VFP was founded to blend veteran leadership, diversity, and a relentless pursuit of excellence. VFP supplies premium laboratory equipment, consumables, and safety products to pharmaceutical, life science, and healthcare sectors worldwide



Our mission goes beyond products:

Empower researchers to push the boundaries of science.

- Enable healthcare professionals to better serve patients.
- Build stronger communities—with a focus on veteran causes, STEM education, and public health.
- Uphold the highest standards of ethics, quality, and sustainability in every aspect of our work.
- We view ESG and sustainability not as regulatory obligations but as fundamental expressions of our core values and our legacy of service.

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ESG Priorities for Veterans For Pharma

Veterans For Pharma as a unique opportunity and responsibility to champion ESG leadership—especially as government contracting requirements (e.g., the National Defense Authorization Act 2025) increasingly reward sustainability, social responsibility, and supply chain resilience. For VFP, ESG is operationalized in ways that reflect both our veteran ethos and the practical realities of being a small business:

- Operational Integrity: Applying military-grade discipline to compliance, traceability, safety, and quality control.
- Diversity & Inclusion: Embodying diversity in leadership and workforce, and creating economic opportunities for veterans and historically marginalized communities.
- Service Mindset: Prioritizing not just profitability but community well-being, veteran empowerment, and long-term societal impact.
- Environmental Responsibility: Recognizing that stewardship of natural resources is both a patriotic and economic imperative.
- In this context, VFP's ESG program is built on integrated frameworks and industry-recognized best practices, tightly linked to our core mission and the expectations of our public sector and commercial partners.

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ESG Strategy and Alignment with SDG12

SDG12: Responsible Consumption and Waste Reduction

The United Nations Sustainable Development Goal 12 (SDG12) challenges businesses to ensure sustainable consumption and production patterns, with sub-targets focused on efficient resource use, chemical and waste management, and substantial waste reduction through prevention, recycling, and reuse. For the pharmaceutical sector, SDG12 is particularly relevant due to historically high levels of waste, hazardous byproducts, and single-use packaging materials.

The SDG12 framework emphasizes:

- Sustainable management and efficient use of natural resources.
- Environmentally sound management of chemicals and all wastes throughout their life cycle.
- Substantial reduction of waste generation through prevention, reduction, recycling, and reuse.
- Corporate sustainability reporting and transparent communication of progress.

At VFP, SDG12 is not an abstract aspiration but a guide for our concrete reduction targets, waste minimization programs, procurement standards, and end-of-life solutions.

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GHG Emissions: Scope 1, 2, and 3 in Pharmaceutical Operations

Understanding the Scopes

GHG emissions in pharmaceuticals are categorized into three scopes according to the Greenhouse Gas Protocol:

- Scope 1: Direct emissions from owned or controlled resources (e.g., on-site fuel combustion, company vehicles, process emissions).
- Scope 2: Indirect emissions from the generation of purchased energy, including electricity, steam, and heat consumed by company operations.
- Scope 3: All other indirect emissions that occur throughout the value chain, including supplier activities (upstream), product use and disposal (downstream), employee commuting, business travel, transportation, and logistics.

The pharmaceutical industry tends to have a relatively modest footprint for Scopes 1 and 2 but a very large Scope 3 footprint—usually upwards of 80–90% of total emissions. Addressing all scopes is essential for comprehensive carbon management, regulatory compliance, and long-term business resilience.

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VFP's Emissions Profile and Strategic Approach

Table: Emissions Scopes in Pharmaceuticals and Reduction Strategies

Emission Scope	Description	VFP Reduction Strategies
Scope 1	Direct emissions from facilities, vehicles, equipment	Energy audits, smart controls, electrification Maintenance, fleet optimization, shift to electric vehicles Reduced fugitive leaks (e.g., refrigerants)
Scope 2	Indirect emissions from purchased energy	Procurement of renewable energy (RECs/PPAs) On-site solar, efficient HVAC and lighting Real-time digital monitoring
Scope 3	Indirect value chain emissions upstream and downstream	Supplier ESG engagement and climate audits Sustainable procurement policies (e.g., lower-carbon materials) Life-cycle analysis and circular economy partnerships Responsible transportation/logistics (low-emission carriers)

Analysis of Table:

Scope 1 (Direct Emissions): While VFP's own manufacturing footprint is modest, we use rigorous energy audits and real-time monitoring to optimize consumption and identify areas to electrify or decarbonize. This includes transitioning company vehicles to electric models, improving HVAC efficiency, and upgrading facility controls. Preventive maintenance and rapid response to leaks (especially regarding refrigerants and chemical storage) are crucial given their high global warming potential.

Scope 2 (Purchased Energy): We increasingly procure renewable energy for office and warehouse operations, either through market-based renewable energy certificates (RECs), long-term power purchase agreements (PPAs), or on-site installations. Efficiency improvements in HVAC, lighting, and office equipment yield rapid emission reductions and cost savings.

Scope 3 (Value Chain): The vast majority of VFP's GHG footprint resides in our supply chain and end user applications—mirroring industrywide patterns. Rigorous ESG audits and supplier partnerships (e.g., PSCI's Energize and Activate programs for decarbonizing pharma supply chains), low-emission transportation solutions, eco-packaging requirements, and product stewardship initiatives underpin a proactive Scope 3 strategy.

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Deep Dive: Scope 1 Emissions – Reduction Through Leadership

Scope 1 emissions in the pharmaceutical industry are typically driven by:

- Stationary combustion (natural gas/fuel oil boilers, furnaces, sterilizers)
- Mobile combustion (vehicle fleets, forklifts, delivery vans)
- Fugitive emissions (leaks from refrigeration and HVAC, solvent loss in processes)
- Process emissions (chemical reactions in manufacturing, vaporization)

Reduction Pathways:
Transition to renewable fuel sources or electrification: Shifting from fossil fuel boilers to electric boilers or heat pumps (ideally powered by renewable electricity) is the most direct route to decarbonizing heat and steam systems. Industry studies show that up to 50% of on-site fuel use can be eliminated through such measures.

- Fleet electrification and logistics optimization: EV adoption for company vehicles and optimized routing to minimize mileage directly reduce emissions.

- Fugitive leak prevention: Monitoring, rapid detection, and replacement of high-GWP refrigeration gases prevent significant emissions, despite their small volumes.

- Behavioral and scheduling changes: Training employees to shut down equipment, optimize schedules, and regularly audit energy use complements hardware solutions.

Case in Point: A leading biopharma manufacturer reduced Scope 1 emissions by 67% in a single year, yielding $1M in annual operational savings, through a site-wide audit and focused capital investments in electric alternatives and monitoring controls.

VFP's Implementations:
Initiating energy audits and benchmarking energy use intensity at all operating sites. Engaging technical advisors to identify and implement alternatives to on-site fuel use, such as electric forklifts and programmable thermostats. Ensuring all new site construction is capable of full electrification or ready for renewable fuel systems.

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Scope 2 Emissions – Decarbonizing Energy Purchases

Scope 2 emissions consist primarily of purchased electricity consumed at VFP-controlled facilities and field offices. The decarbonization of electricity supply, through market mechanisms and on-site renewables, is a key enabler of meeting net-zero goals.

Key Reduction Approaches:

- Switching to renewable power providers (solar, wind, hydro) where available.
- On-site generation: Installing solar panels or contracting for on-site (or nearby) wind/solar installations.
- Energy efficiency improvements: Upgrading to LED lighting, efficient HVAC systems, and energy management systems.
- Renewable Energy Certificates (RECs) and Virtual Power Purchase Agreements (PPAs): These provide flexibility in decarbonizing energy use, especially for smaller sites.

Industry best practices recommend first improving energy efficiency, then moving aggressively to decarbonize the remaining energy demand. VFP's future state will track all energy use with digital meters and incorporate demand response where feasible to further support grid stability and sustainability.

VFP Specifics:

- Expanding purchasing of renewable energy for offices and warehouses.
- Retrofitting facilities with digital building management systems that provide real-time energy tracking and data for ESG reporting.
- Piloting solar panels on distribution centers, with all new construction being "solar-ready".

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Scope 3 Emissions – Value Chain Assessment and Action

Scope 3 emissions are the largest—and most complex—GHG category in pharmaceuticals, often representing over 80–90% of the total footprint.
They are divided into 15 subcategories, including:

- Upstream: Purchased goods and services, capital goods, fuel- and energy-related activities (not included in Scope 1 and 2), transportation/distribution, waste generated, business travel, employee commuting, upstream leased assets.

- Downstream: Transportation/distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, investments.

Key “hotspots” in pharma Scope 3 are:

- Purchased goods and services: Up to 80% of Scope 3 emissions, driven by raw materials, packaging, contract manufacturing, and equipment supply chains.

- Use of sold products: Emissions arising from how medicines are stored, delivered, and administered, as well as their ultimate disposal.

- Transportation & logistics: Emissions from shipping products and receiving materials globally.

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Industry Programs for Scope 3 Decarbonization

- Energize Program: A leading industry initiative, Energize, helps suppliers—regardless of size—access renewable power purchase agreements (PPAs), reducing both supplier Scope 2 and customer Scope 3 emissions.

- Activate Program: Targeted at API (Active Pharmaceutical Ingredient) suppliers, Activate provides measurement, resources, and funding for decarbonization projects, driving down Scope 3 emissions in core supply chains.

- Circular economy initiatives: Product stewardship by designing in recyclability, reusability, and material efficiency; take-back and recycling programs for packaging and medical devices.

VFP's Scope 3 Response:

- Requiring ESG-compliant supplier certifications and data transparency in all RFPs.

- Joining sector-wide collaborations for collective purchasing of renewable energy and sustainable materials.

- Investing in supplier education (joint workshops, technical assistance) and incentivizing suppliers to adopt science-based climate targets.

- Preferencing logistics partners with low-emission fleets and providing customers with "green" shipping options.

Challenges:

Measuring Scope 3 emissions is data-intensive and often relies on industry averages or modeling when supplier-specific data are lacking. VFP mitigates this by:

- Adopting the GHG Protocol and PSCI guidance for pharmaceutical value chain accounting.

- Prioritizing materiality—focusing on categories that contribute the majority of the Scope 3 footprint (purchased goods/services, transport, packaging, waste).

- Industry Progress:Top biopharma companies now require emissions disclosures from suppliers; sector collaboration has resulted in thousands of suppliers benchmarking their energy/GHG data and executing collective renewable energy deals.

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SDG12 in Action: Responsible Consumption and Waste Minimization

The Pharmaceutical Challenge

Pharmaceutical manufacturing and healthcare supply chains are traditionally resource-intensive, prone to high waste generation, and subject to complex regulatory constraints governing hazardous and non-hazardous materials. It is estimated that the sector generates over 52 megatons of CO_2 annually, with significant contributions from:

- Process chemicals and solvents,
- Single-use plastics,
- Packaging,
- Finished product and expired/unused medicines disposal

Waste in pharma is not a single stream but includes hazardous, non-hazardous, and often complex mixed-waste types created at multiple stages:

- Production
- Packaging and distribution
- Product use and end-of-life

Key sustainable waste management priorities align precisely with SDG12:

- **Prevention:** Reducing waste generation at source via lean production, material efficiency, and “eco-design”.
- **Reduction:** Using less environmentally harmful chemicals, minimizing packaging, replacing single-use plastics where feasible.
- **Reuse:** Facilitating returnable/reusable containers, modules, and equipment.
- **Recycling:** Closing material loops, particularly for primary and secondary packaging, single-use instruments, devices, and select product components.

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VFP's Waste Stream Minimization Strategy

1. Prevention and Process Optimization

- **Lean Operations:** Apply lean "5S" (Sort, Set, Shine, Standardize, Sustain) and continuous improvement programs to minimize unnecessary movement, over-processing, and material waste at all steps.
- **Inventory Management:** Proactive procurement and real-time inventory tracking reduce expiration and overstocking, thus cutting pharmacy and warehouse waste from expired or outdated products.
- **Process Design:** Whenever possible, implement closed-loop systems for process water, solvents, and cleaning agents, increasing yields and reducing wastage.

2. Reduction Initiatives

Eco-Design: Work with manufacturing partners to design packaging and products with minimum material use, highest recyclability, and, where feasible, biodegradability. Replacements for PVC, multi-material laminates, and non-recyclable colorants are prioritized.

Single-Use Plastic Replacement: Switch to reusable, recyclable, or plant-based/biodegradable alternatives in lab, packaging, and shipping operations. Chemical Use Reduction: Substitute hazardous chemicals and solvents with greener alternatives, aligned with EPA guidelines, without compromising product integrity or compliance.

3. Reuse and Return Systems

Reusable Packaging and Shipping Materials: Engage clients in closed-loop take-back systems for reusable containers, shipping boxes, and pallets.

Return and Recycle Programs: Partner with clients, logistics providers, and waste management firms for the return of used devices, packaging, and materials for reprocessing or recycling, following successful industry models.

4. Recycling and Circularity

Segregation at Source: Implement clear bin systems, standardized labelling, and regular staff training to maximize correct waste stream segregation.

Local Partnerships: Work with local recycling operators for plastics, paper, glass, and select medical-grade materials, ensuring traceability and proper downstream handling. Recovery of Solvents and Chemicals: Where feasible, establish on- or off-site recovery of valuable chemicals (e.g., solvents) for purification and reuse.

Hazardous Waste Compliance: All hazardous wastes are managed strictly in line with RCRA and state/federal guidelines, with a preference for high-temperature incineration and robust record-keeping to prevent landfilling or water system contamination.

Circular Economy: Emerging Opportunities

The circular economy—keeping materials in productive use as long as possible via reuse, remanufacture, and recycling—is moving from theory to practice in pharma. VFP is piloting closed-loop programs in partnership with packaging suppliers, device manufacturers, and local recyclers. Early indications are promising: not only can these programs cut landfill waste, but they can materially lower Scope 3 emissions across the supply chain.

Transparency, ESG Reporting, and Continuous Improvement

Alignment with Leading ESG Frameworks

VFP's ESG data collection, impact assessment, and public disclosures are built upon industry-leading reporting and assurance standards, including GRI, SASB, TCFD, CDP, and the UN SDGs29. Our reporting priorities include:

- **Materiality Assessments:** Focusing on what matters most to our business, stakeholders, and the environment, through regular reassessments and stakeholder feedback.
- **Robust Data Quality Controls:** Ensuring investor-grade, audit-ready data for emissions, energy, waste, and water metrics; data are reviewed for completeness, accuracy, and alignment with internationally accepted methodologies.
- **Timely and Relevant Reporting:** This public-facing report is updated annually, with quarterly ESG data reviews for internal governance.

Continuous improvement is embedded in our reporting cycle—every publication is an opportunity to raise ambition and learn from peers and feedback.

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Stakeholder Engagement, Governance, and Communication

Multi-Stakeholder ESG Engagement

Stakeholder engagement is a dynamic, iterative process that builds trust, identifies risks, and creates opportunities. VFP values open dialogue with:

- **Customers and partners:** Joint sustainability initiatives, sharing best practices, co-learning in supplier workshops.
- **Suppliers:** Shared benchmarking, technical support for decarbonization, and co-investment in waste minimization.
- **Investors and financial partners:** Clear, transparent climate and ESG reporting; responsiveness to ESG benchmarks and ratings.
- **Veteran community:** Open forums and targeted sustainability outreach, supporting STEM education and veteran entrepreneurship programs.
- **Regulators and industry bodies:** Active participation in trade organizations, learning collaborations and public policy discussions.

Governance of ESG is overseen at the senior leadership level, reflecting our philosophy that sustainability and ethics are the responsibility of every manager and team.

ESG Storytelling and Communication

Credible, engaging storytelling is essential. VFP combines quantitative disclosures (progress, targets, metrics) with qualitative narratives illustrating the impact of our initiatives—from employee innovation stories to community partnerships and real-world examples of improvement. We use our website, annual reports, newsletters, and direct dialogue to keep all stakeholders informed and inspired.

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Monitoring Progress and Continuous Improvement

KPIs, Auditing, and Benchmarking

To drive operational progress, VFP sets clear Key Performance Indicators (KPIs) for GHG emissions (all scopes), energy/water use, and waste recycling rates. We embed third-party assurance and periodic internal audits, and we benchmark against sector leaders and best-in-class initiatives.

Our goal and future approach to continuous improvement includes:

- Seeking third-party certification for sites and products (e.g., My Green Lab Certification for laboratory sustainability).
- Regular code of conduct reviews and updates for all suppliers.
- Technology adoption in energy management, waste tracking, and digital ESG reporting.
- Staff training (upskilling in sustainability, ESG awareness) as a core part of onboarding and ongoing development.

We treat ESG as a journey—one that is continually evolving as science advances, regulations adapt, and stakeholder expectations change.

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Looking Forward: Our ESG Vision for the Future

Scaling Impact and Leading Small-Business Change

VFP believes that **veteran- and minority-owned small businesses can and should be catalysts for sector-wide sustainability.** Our roadmap includes:

- **Climate and waste goals aligned with the most ambitious industry peers.**
- Full supplier value chain environmental mapping by 2027.
- Achieving >80% of packaging and shipping materials being fully recyclable or reused by 2028.
- Open reporting of progress and setbacks, sharing learnings with other veteran-owned companies to build a more sustainable, resilient, and diverse pharmaceutical supply chain.

We look forward to collaborating across our industry and beyond, recognizing that **none of us can solve the challenges of our era in isolation.** ESG and sustainability are best achieved in partnership—with customers, suppliers, communities, and the global veteran network.

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Conclusion

Veterans For Pharma's commitment to ESG and sustainability is an extension of our values, legacy of service, and dedication to industry leadership. Our integrated approach to emissions management, waste minimization, responsible sourcing, and transparent stakeholder engagement positions us as a forward-thinking, credible partner for all who share the vision of a more sustainable and equitable pharmaceutical future.

We invite all stakeholders—partners, customers, suppliers, and fellow veterans—to join us in this ambitious journey.

Prepared by the Veterans For Pharma ESG & Sustainability Team – 2025

(This report aligns with leading ESG reporting frameworks and industry best practices. For further information, please contact info@veteransforpharma.com.)