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# 2023 GRI REPORT



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# Introduction

## Letter from the President

Recognizing our responsibility as part of a global community and as a leader in eCommerce order fulfillment, Priority Fulfillment Services, Inc. (PFS) has taken great strides to understand our environmental, social, and governance (ESG) impacts, and define actions towards continual improvement in our material topic areas. During 2022 and 2023, PFS focused on advancing sustainability efforts among three core pillars: clients, carriers, and facilities. This year's efforts included conducting our first materiality assessment, creating a sustainability plan and future roadmap, completing our first greenhouse gas (GHG) inventory for Scopes 1 and 2, and developing three new environmental, social, and governance policies.

At PFS, we bring together technologies, systems, and people to create exceptional brand engagements for customers around the world. We care about and respect our employees and are dedicated to their health, safety, and well-being. In 2023, we set strategic goals to improve our workers' physical and mental well-being. On a monthly basis, our human resources team issues a well-being newsletter to engage and inform employees of company highlights, available resources, and helpful information. We are looking to improve our engagement efforts by expanding our employee resource centers and employee assistance programs across our organization.

Establishing and maintaining a work environment where workers feel included, safe, and proud to show up to work is at the forefront of our goals. As a global company, we flourish with a diverse workforce and are committed to an environment that supports employees' efforts to contribute to the company fully. We have employee award programs in place, promote from within, and create opportunities for employees to move laterally within the company. We also have cross-functional and leadership support in our fulfillment and contact center operations during the critical holiday season. An increased focus has been placed on diversity, equity, and inclusion (DEI) efforts in 2023 and we are actively working on improving our diversity efforts in recruiting and supplier vendor selection.

As PFS' multi-node fulfillment strategy expands, we are adding more fulfillment centers across the globe and naturally putting our clients' merchandise closer to their end customers. The closer proximity and use of our transportation management services allows our clients to select national and regional carrier options to reduce the distance their packages travel, and therefore reduce their carbon footprint overall. This company-wide strategy, coupled with smaller internal projects including paperless pick carts, right-size packaging technology, and responsible sourcing of recyclable materials, are all examples of initiatives currently in development to reduce our environmental impact.



**Zach Thomann**

President

A stylized, handwritten signature in black ink, appearing to read 'Zach Thomann'.

PFS is committed to delivering superior, innovative order fulfillment solutions on behalf of our clients and we believe that providing transparent communication on our business practices is part of this commitment. We will deliver on this commitment by annually producing a Sustainability Report, aligned with the Global Reporting Initiative (GRI). In 2023, we will complete a CDP Climate submission and sign our commitment letter to the Science-Based Targets Initiative (SBTi). In 2024, we plan to concentrate these climate-related initiatives into the creation of a Task Force on Climate-Related Financial Disclosures (TCFD) report.

PFS recognizes the importance of sustainability and the actions that can be implemented to do our part. As we engage with our clients to create successful outcomes, we are determined to make sustainability improvements in all aspects of our business, both internally through employee engagement programs and new vendor selection processes, and externally through our partner and client relationships. We are proud of the progress we have made and are eager to achieve the goals set forth by our Sustainability Management Committee in the years to come, helping to build a healthier, more sustainable future for all.

## About This Report

Priority Fulfillment Services (PFS') Executive Leadership Team, Board of Directors, and Sustainability Management Committee are proud to release our 2023 Sustainability Report. We have developed sustainability goals to align with our mission, vision, and values and integrated these into our business model to set forth more transparent, innovative, ethical, and safe alignments within the sustainable development of our company.

This report is prepared in reference to the Global Reporting Initiative (GRI) Standards for the period of January 1, 2022 to December 31, 2022.

This 2023 report includes PFS' progress in its sustainability initiatives, our alignment with the United Nations Sustainable Development Goals (UN SDGs or Global Goals) and their respective targets, and our forward-looking plans to achieve sustainable growth. We have defined our organization's material topics which are discussed and referenced in this report, aligning these topics and their management approaches with respective actions PFS plans to take to further our sustainability efforts. For questions about this report, contact:

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## About PFS

PFSweb, Inc. ("PFSweb," "PFS," "the Company," "we," "us" and "our") is a premier eCommerce order fulfillment provider for consumer branded manufacturers, internet retailers, and distributors, bringing together technologies, systems and people to create exceptional post-click customer experiences that drive revenue and maximize the impact of its clients' brands. PFS was incorporated in 1999 and maintains our corporate headquarters in Irving, Texas. PFS is a publicly traded company on the Nasdaq exchange under the symbol "PFSW."

Drawing upon 20+ years of experience and innovation in the industry, PFS supports eCommerce fulfillment operations for both Direct to Consumer (DTC) and Business-to-Business (B2B) channels. Companies and retailers across industry verticals (health and beauty, jewelry, CPG, apparel, footwear and government) look to PFS to provide brand-centric operations that effectively scale to support growing eCommerce demand.

We design advanced distribution operations that streamline our clients' supply chain process and offer a flexible fulfillment model. PFS drives a strong differentiation through the value-added services we provide and the brand solutions we create.

### The services we offer are primarily organized into the following categories:

- Order Fulfillment
- Fulfillment-as-a-Service
- Order to Cash (Order Management-as-a-Service)
- Customer Care



### Our Mission:

PFS is a global commerce services company creating exceptional client and customer experiences.

### Our Vision:

- Provide a Full Commerce Solution
- Be World-Class at Every Service We Offer
- Engage with Our Clients as a Strategic Partner

**Our Values:** PFS is committed to our clients' success and strives to instill the following values at the individual and organizational level:

- |                    |                         |
|--------------------|-------------------------|
| • Integrity        | • Service               |
| • Excellence       | • Collaboration         |
| • Accountability   | • Respect               |
| • Stewardship      | • Social responsibility |
| • Entrepreneurship |                         |



## Governance Structure and Composition

PFS' Board of Directors, Executive Leadership Team, and Sustainability Management Committee oversee the sustainability goals within our organization. We recognize our responsibility in reducing the negative impacts created throughout our processes and aim to reduce these impacts through continuous innovations, board oversight, and regulatory compliance.

PFS' material topics are used to guide our Sustainability Management Committee in implementing our sustainable business strategy. Our governance practices and oversight hold us to the highest standard of responsibility and provide us with the resources needed to manage our sustainability plan and implementation.

Our Executive Leadership Team oversees the Sustainability Management Committee. The team has specific responsibilities which are assigned cross-functionally across all Committee members. The team members include:

- VP of Business Development
- VP of Marketing, Alliances, and Solutions
- AVP of Global Procurement and Vendor Management
- Director, Facilities and Security
- VP, Human Resources
- Senior Marketing Manager, Europe
- Safety Manager

## Stakeholder Engagement

### Materiality Process

At the onset of 2023, PFS conducted its first-ever materiality assessment. Following GRI's guidance for double materiality, PFS identified our greatest environmental, social, and governance impacts. This process included discussions with PFS employees from cross-functional departments, an industry analysis of external stakeholders, and the administration of a stakeholder engagement survey. The industry analysis assessed PFS' peers and customers to understand their sustainability commitments and impacts. 3R Sustainability, a third-party sustainability consultancy, conducted interviews with ten PFS cross-functional team members. A survey was then administered to PFS employees to gather quantifiable perceptions of the importance and performance of PFS on eighteen pre-defined topics from the industry analysis and stakeholder interviews. The results of the survey allowed us to identify areas of potential opportunity within our business operations. The combined analysis of the industry, interviews, and survey resulted in the definition of our material topics.

### Engaging Stakeholders

PFS engages with multiple stakeholder groups including employees, customers, investors, and communities. Stakeholder feedback is considered to identify material topics, determine sustainability goals, drive our strategy, and assess progress across our organization. We are committed to strengthening these relationships and engaging with all stakeholder groups to better understand our company impacts, which will ultimately guide us in working towards solutions related to our material topics and processes.

### PFS' Material Topics

1. Energy and GHG Emissions
2. Waste and E-Waste Management
3. Employee Health, Safety, and Wellness
4. Labor Standards and Human Rights
5. Diversity, Equity, and Inclusion
6. Training, Education, Learning, and Development
7. Innovative Solutions
8. Ethics and Compliance
9. Supply Chain Assessment

# Sustainability Oversight

At PFS, we recognize our responsibility to minimize negative environmental impacts resulting from our operations. We believe that solidifying our commitment to sustainability efforts is a natural integration into our long-term corporate strategy and will enable us to better serve our stakeholders. We continue to strengthen and expand the oversight functions of our Sustainability Management Committee. Following the Responsible, Approved, Consulted, Informed (RACI) approach, this Committee includes leadership and member roles that are responsible for various sustainability deliverables and tasks, which are aligned with our mission and vision as well as to the United Nations Sustainable Development Goals (SDGs), also known as Global Goals. In 2022, we entered a partnership with 3R Sustainability to develop a comprehensive sustainability program.

## Through this partnership, we have:

- Identified and prioritized relevant sustainability topics through a materiality assessment
- Established a Sustainability Plan
- Developed sustainability reporting, referencing the Global Reporting Initiative (GRI)
- Supported the communication efforts around our sustainability program to our employees
- Conducted a Scope 1 and 2 GHG Inventory

# Sustainable Development Goals

The United Nations Sustainable Development Goals, or the SDGs, were adopted by the United Nations in 2015 as a universal blueprint focused on current and future prosperity for our people and our planet. There are a total of 17 Global Goals, each representing specific targets that can be measured, allowing all progress made towards these goals to be tracked. PFS is committed to aligning our efforts with the Global Goals. We understand that as an e-Commerce solutions provider, we have the opportunity to drive actionable change within our industry. As we look forward, we will continue to align our sustainability initiatives to the SDGs to do our part in advancing towards a more sustainable future.

## 1. Environmental Aspirational Goal: Minimize the impact that our operations have on our environment

### Energy and GHG Emissions

- SDG 13 – Climate Action:  
Improve transparency, awareness, and tracking of our GHG emissions and climate impacts

### Waste and E-Waste Management

- SDG 12 – Responsible Consumption:  
Leveraging sustainable consumption throughout our procurement process when possible
- SDG 13 – Climate Action:  
Improve transparency, awareness, and tracking of our GHG emissions and climate impacts

## 2. Social Aspirational Goal: Strive to be an employer where employees feel included, safe, and supported

### Employee Health, Safety, and Wellness

- SDG 3 – Good Health and Wellbeing:  
Ensure all workers are operating in a safe, supportive environment
- SDG 8 – Decent Work and Economic Growth:  
Engage all employees in leveraging learning opportunities to grow professionally

### Labor Standards and Human Rights

- SDG 8 – Decent Work and Economic Growth:  
Engage all employees in leveraging learning opportunities to grow professionally
- SDG 16 – Peace, Justice and Strong Institutions:  
Commit to accountability and transparency in ethics and compliance

### Diversity, Equity, and Inclusion

- SDG 5 – Gender Equality:  
Provide equal opportunities for all employees to grow within a diverse environment
- SDG 10 – Reduced Inequalities:  
Enhance inclusion and equality throughout the entire organization

### Training, Education, Learning, and Development

- SDG 8 – Decent Work and Economic Growth:  
Engage all employees in leveraging learning opportunities to grow professionally

### 3. Governance Aspirational Goal: Be a dependable partner to all of our stakeholders

#### Innovative Solutions

- SDG 9 – Industry, Innovation, and Infrastructure:  
Supporting prospective and existing clients' sustainability programs through innovative solutions
- SDG 11 – Sustainable Cities and Communities:  
Create and maintain relationships with companies that support our vision and values, contributing to local and green sourcing, integrating these opportunities within the community

#### Ethics and Compliance

- SDG 16 – Peace, Justice and Strong Institutions:  
Commit to accountability and transparency in ethics and compliance

#### Supply Chain Assessment

- SDG 12 – Responsible Consumption:  
Leveraging sustainable consumption throughout our procurement process when possible
- SDG 16 – Peace, Justice and Strong Institutions:  
Commit to accountability and transparency in ethics and compliance

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## Sustainability Plan

In 2023, we created a long-term sustainability plan outlining our sustainability goals. These goals are continuously monitored by the Sustainability Management Committee. Progress towards achieving our goals is detailed throughout this report.



# Environmental

## Energy

### Management Approach

As a global provider of commerce solutions, PFS has a footprint in the United States, Canada, the UK, and Belgium. Across all locations, PFS is committed to ensuring that we are using all resources effectively and efficiently, including our energy resources. Due to the nature of PFS' operations, energy consumption in our facilities is one of our most material topics. Facility managers across different locations and regions are responsible for day-to-day operations and management of assigned facilities. Our Director of Facilities and Security oversees all global facilities and coordinates with regional facility managers. Additionally, the Director of Facilities and Security serves as a member of the Sustainability Management Committee.

### Data and KPIs

Calendar Year	Electricity Consumption (MWh)	Natural Gas Consumption (CCF)
2021	12,343	11,747
2022	12,374	15,591

From 2021 to 2023, PFS opened seven new facilities. Due to the expanded facility footprint, we would expect to see an increase in energy consumption from 2021 to 2022. While there was an increase in natural gas consumption, electricity consumption stayed relatively level from 2021 to 2022, even with most of the new facilities being in operation for the full calendar year. PFS has made concerted efforts to convert to LED lighting throughout all our facilities. This effort to implement LEDs has likely contributed to the electricity consumption staying level even as new facilities were brought online. In 2022, PFS facilities included 2,155,055 sq. ft. or 200,211 m<sup>2</sup> of total space. Across all facilities, PFS had an energy use intensity (EUI) of approximately 0.085 MWh/m<sup>2</sup> in 2022. When normalized for the addition of new facilities over the course of the year, the average EUI for 2021 was 0.081 MWh/m<sup>2</sup>. Understanding our energy consumption allows us to better identify strategies for energy conservation.

### Case Study

#### Geothermal District Cooling System



PFS Fareham DC

PFS currently operates a distribution center in Southampton in the United Kingdom. This facility is connected to the Southampton District Energy Scheme, which provides chilled water to the facility to cool the building and provide a more comfortable work environment for PFS employees. The Southampton District Energy Scheme is an innovative district energy system that utilizes geothermal energy to further reduce the amount of fossil fuels needed to provide services to its customers. Utilizing both a district system as well as geothermal technology has allowed the PFS facility to consume much less energy to meet its cooling demands than other similar facilities.

### Planned Initiatives

PFS is committed to reducing our energy consumption where possible. We are currently exploring opportunities to install solar PV infrastructure on facilities, beginning with our facility in Southampton, UK. In the coming year, PFS plans to develop a Climate Transition and Decarbonization Strategy. This strategy will help us identify additional opportunities for energy conservation practices. Additionally, we plan to use this strategy to identify additional pathways for integrating renewable energy resources into our portfolio as well as opportunities for shifting away from natural gas utilization.



# GHG Emissions

## Management Approach

PFS is committed to creating, implementing, and maintaining sustainable business practices. PFS strives to minimize the environmental impacts caused by daily operations while maintaining an elevated level of operational quality. We believe we have a responsibility to do our part for the industry, support our clients, and protect our shared environment. This commitment to the environment is expressed through strategic planning and goal setting, data monitoring, and employee training on various environmental topics and strategies. PFS' GHG Emissions are overseen by the Sustainability Management Committee.

In 2022, the Sustainability Management Committee set goals for increasing action and engagement as well as tracking data related to sustainability initiatives.

### 2022 goals included:

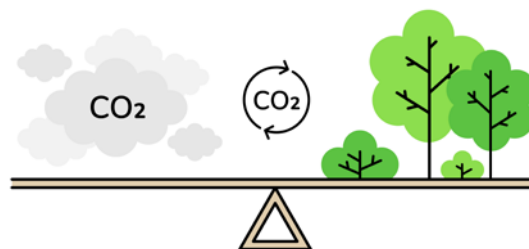
- Produce formal policy documents detailing our sustainability objectives
- Review vendors against new sustainability scorecard as part of procurement process
- Measure the success of pilot recycling program, with the aim of rolling it out to other facilities
- Discontinue use of Styrofoam and plastic cups in facilities globally
- Implement LED lighting in all facilities globally
- Submit to CDP
- Review employee travel and identify opportunities to help our employees make more sustainable travel and transportation choice
- Integrate our Employee Resource Groups and Continuous Improvement program into our Sustainability Management Committee, for a holistic approach to social and environmental responsibility
- Continue engaging with existing and prospective clients at a high level on the topic of sustainability

## Data and KPIs

### Scope 1 & 2 GHG Emissions

Energy and greenhouse gas emissions represent one of PFS' most material topics. With a global network of facilities and distribution centers, we are committed to reducing our greenhouse gas emissions across our entire portfolio of operations.

Scope 1 GHG emissions account for emissions for which an organization is directly responsible. For PFS' inventory, this includes onsite natural gas consumption and fire suppressants. Scope 2 GHG emissions account for indirect emissions that the organization is responsible for, including, in PFS' case, electricity usage and consumption of purchased chilled water. Monitoring our emissions allows us to better understand our emission sources and identify opportunities for reduction measures. We continue to implement environmental practices and policies that encourage more efficient energy use, as natural gas and purchased electricity currently account for the largest contributors to our Scope 1 & 2 GHG emissions.



PFS is committed to improving our tracking, reporting, and management of our climate-related issues. To better understand our environmental impacts and areas in which we can improve our operations. We established a baseline Scope 1 and Scope 2 greenhouse gas inventory using 2021 data. Building upon this baseline inventory, the GHG Protocol Corporate Accounting and Reporting Standard was used to quantify emissions based on utility data from all PFS locations that were operational in 2022. In addition to CO<sub>2</sub> emissions, we have calculated CH<sub>4</sub> and N<sub>2</sub>O emissions related to Scope 1 & 2 activities. Moving forward, completing an annual Scope 1 & 2 inventory will allow us to track progress towards our carbon reduction goals and identify areas in need of additional action.

During CY 2021, PFS opened six new facilities, 5 of which were opened in Q1 or Q2 of 2021. Additionally, in CY 2022, PFS opened one more facility. Due to the expanded facility footprint, PFS would expect to see an increase in Scope 1 & 2 GHG emissions from 2021 to 2022. While there was an increase in Scope 1 emissions, due to greater natural gas consumption, Scope 2 emissions decreased from 2021 to 2022, even with most of the new facilities being in operation for the full calendar year. In 2022, PFS had a total revenue of \$295,122,000. Looking at Scope 1 & 2 GHG emissions, PFS' GHG intensity for 2022 was approximately 0.017 kg CO<sub>2</sub>e per dollar of revenue. In future years, we hope to continue achieving reductions in both Scope 1 and Scope 2 emissions.

## Green Fleet

At PFS, many of our warehouse operations rely on the use of machinery such as forklifts, scissor lifts, and pallet jacks. Utilizing a fully electric fleet of machines within the warehouses has allowed PFS to begin reducing Scope 1 emissions. While the implementations of fully electric machinery occurred prior to the development of our GHG baseline inventory, it likely represents a significant GHG savings across our operations.

Calendar Year	CH <sub>4</sub> (MT)	N <sub>2</sub> O (MT)
2021	12,343	11,747
2022	12,374	15,591

Calendar Year	Scope 1 (MT CO <sub>2</sub> e)	Scope 2 (MT CO <sub>2</sub> e)	Total (Scope 1 + 2) (MT CO <sub>2</sub> e)
2021	640.18	4,322.69	4962.87
2022	849.69	4,208.62	5,058.32

*Emissions included in these calculations include all direct and indirect emissions resulting from PFS' operations within the reporting period and organizational and reporting boundaries. Operational control was used to establish organizational boundaries. The organizational boundary includes leased offices and distribution centers. Reporting boundaries include Scope 1 and Scope 2 emissions.*

### Scope 3 Category

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel- and energy-related activities

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 15: Investments



# Waste and E-Waste Management

## Management Approach

Across all global locations, PFS is committed to ensuring that we are using all resources effectively and efficiently and reducing waste wherever possible. Facility managers across different locations and regions are responsible for day-to-day operations and management of assigned facilities. Our Director of Facilities and Security oversees all global facilities and coordinates with regional facility managers. Additionally, the Director of Facilities and Security serves as a member of the Sustainability Management Committee.

## Data and KPIs

Given PFS' primary functions as a commerce solutions provider, waste generated by PFS is primarily limited to that related to employee activities and waste associated with packing materials. Waste generated at PFS facilities can be categorized as general waste. PFS does not deal with any hazardous materials or produce any hazardous waste through our operations. As we strive to reduce the amount of waste being sent to landfills from PFS facilities, we have increased our efforts to recycle materials where possible.

In 2022, recycling data for our facility in Southampton, UK was tracked and reported. Moving forward, we aim to increase recycling efforts as well as enhance data collection around waste and recycling volumes. We are also collaborating with our clients to reduce the waste included in shipments into our facilities as well as reduce the amount of packing materials we use when shipping goods from our warehouses.

### CY 2022 Waste

Type of waste	Volume	Units
General waste to landfill	5,034,989	Kg
Paper + Cardboard recycling	208,185	Kg
Plastic Recycling	1,590	Kg

## Case Study

PFS has taken steps in recent years to reduce packaging used in our operations and reduce the amount of waste generated at our facilities, by our customers, and across our supply chains.

We have implemented numerous initiatives and best practices in order to reduce our resource consumption and waste generation.

### Some of these initiatives include:

- Utilizing right-size packaging to reduce use of excess packaging supplies
- Rolling out paperless picking processes to reduce the need for paper packing slips
- Using 100% recyclable dunnage and packing material for clients as requested
- Sourcing recyclable packaging, applying gummed paper tape rather than traditional packing tape and eliminating paper packing slips
- Omitting inserts and other special materials when the consumer selects the "less packaging" option at check-out

## Planned Initiatives

PFS is committed to continuing to reduce waste and promote a more circular economy within our operations and across our supply chains. Building upon the results of our pilot recycling program, we are rolling out recycling programs across all PFS locations and facilities. As part of our enhanced data tracking processes, we also aim to increase data collection around the amounts and types of waste that are generated at our facilities. Improved data tracking will help us identify additional opportunities for waste reduction. We are also continuing to engage with our customers and stakeholders to identify opportunities for improved resource efficiency, waste reduction, and circular economy initiatives across our entire supply chain. Implementing our supplier engagement initiatives will also aid in the implementation of these waste reduction efforts.

In addition to reducing the waste generated by our operations, we aim to support a more circular economy by improving the return process for goods that pass through our warehouses. Our leadership team is currently considering various ways we can minimize the destruction of returned goods. For example, we are exploring more robust programs for reselling or repairing returned items and organizing charitable donations for returned inventory.

## Employee Health, Safety, and Wellness

### Management Approach

The health, safety, and wellness of our employees, contractors, and visitors are critical to achieving our mission as a company. PFS is committed to providing a safe work environment and benefits packages that encourage our employees to live healthy lives. It is the responsibility of our entire workforce to maintain and uphold this commitment. Employee health, safety, and wellness are best implemented by providing employees with ideal work environments, recognizing and retaining talent, and cooperation and collaboration. Policies pertaining to employee health, safety, and wellness are available to employees via the employee handbook and in the Health & Safety Policy on the employee intranet. This material topic is guided by these policies and overseen by HR.

### Wellness

To ensure the wellness of our employees, in the U.S. we offer a comprehensive suite of health and retirement benefits, including medical, dental, and prescription drug coverage, as well as paid parental leave and 401(k) matching contributions. We have also instituted a Wellness Program to foster employee health, wellness, and engagement, which includes fitness challenges and classes. For employees based in the U.S. distribution centers (DCs), we provide free vaccines and mobile health units including dental and mammogram appointments. Mobile services are offered within the DCs to safeguard ease of access for employees.

### Health and Safety

PFS has established policies and procedures to promote employee safety and prevent harmful behavior while at work. Included in the employee handbook are policies outlining our zero-tolerance rules on workplace violence and harassment. If a violation of either of these policies has been experienced or witnessed, employees are encouraged to report the behavior following the steps outlined in our harassment reporting procedure or via the third-party hotline without fear of retaliation. In addition to the reporting procedures, PFS also maintains an Open Door Policy where employees are supported to disclose any suggestions, problems, or complaints to their manager or immediate supervisor.

PFS is committed to promoting a healthy and comfortable workplace for all employees globally, as "Environment" is one of our core Operations pillars. Safety training is completed on a periodic basis and functional training is completed when necessary. Our Safety managers, overseen by our Operations team, regularly engage in relevant safety dialogues with our global team. In the U.S., as part of our Health and Safety Programs, we continue to train employees so that we may stay in compliance with OSHA's rules and regulations. PFS maintains a Written Training Program, Safety Plan and Policy, and Safety Audit Policy. Some of our company initiatives include Safety Toolbox Talks and a Hazard Identification Initiative. Furthermore, we continually update and replace our warehouse equipment, as needed, to ensure compliance with applicable safety regulations.

Policies pertaining to employee health, safety, and wellness are available to employees via the employee handbook and in the Health & Safety Policy on the employee intranet. This material topic is guided by these policies and overseen by HR.



### Mobile Dental Unit

In January 2023, we offered a mobile dental unit at one of our DCs, which provided employees with access to convenient on-site dental treatment.




## Employee Spotlight Program

In 2020, PFS started an Employee Spotlight Program highlighting employees across the company and their unique stories. The PFS Executive Team nominates employees from diverse backgrounds across all geographies. These employees are then interviewed by the Marketing team and their stories are posted on the Careers section of our website, and also promoted on PFS' LinkedIn page.

## Planned Initiatives

Taking care of our employees' health and safety is important to PFS in all aspects. Continuously developing our safety programs is an opportunity for our organization to increase safe working conditions and mitigate risks and hazards, even before they occur. Moving forward, PFS will identify opportunities for regular inspections and safety audits of our machinery and equipment.

As part of our employee wellness initiatives, we plan to continue providing wellness resources, such as information on how employees can maintain their mental and financial health. In addition, we will work to implement Employee Resource Groups (ERGs) for a wide variety of employee needs and openly communicate these groups across PFS.



**Aminata Agne**  
Personalization, Operations  
Dallas, TX, USA

**"Great things happen at PFS!"**

**What do you do in your role at PFS?**  
My day-to-day job involves being a support member to our personalization clients, which has a big impact on our DC teams being able to complete our daily service level agreements. I also play a key role in helping our Implementation team onboard clients requesting value-added services.

**What do you find most interesting about your job?**  
I would say the people I meet along the way. I get to work with a diverse workforce team, and we learn from each other as we bring different perspectives to challenges that come with the job.

**How has your career grown since you started working at PFS?**  
I joined PFS as an intern my senior year in college. The program was based in one of our Memphis DCs, and I performed under the leadership of Kevin Carson. I was hired on at PFS shortly after my internship to oversee our L'Oréal personalization brands. I had the opportunity to work with our amazing L'Oréal Business Management team and maintain great relationships with our clients. I later seized the opportunity to grow our personalization program with a government client and a high-end jewelry client operating out of our Dallas-area DC.

[+ Read More](#)



**Oluyele Adeeko**  
Project Manager  
Southampton, United Kingdom

**"I'm looking forward to growing over the years with PFS."**





# Labor Standards and Human Rights

## Management Approach

We are committed to doing our part to prevent human rights violations in our operations and supply chain. PFS recognizes employees' rights to freedom of association and collective bargaining. We do not have a PFS Collective Bargaining Agreement (CBA) with Belgium but uphold the National CBA with Belgium as required under law. Additionally, we oppose any form of child, forced, or compulsory labor.

Our relationship with employees is in good standing and no interruptions of business have occurred because of a labor dispute. In the event of a significant operational change or implementation substantially affecting employees, PFS takes the responsibility of informing our employees of these changes as soon as possible. We are not currently party to any collective bargaining agreements throughout our global operations, but our European subsidiaries are required to comply with certain rules agreed upon by their employee Works Councils. No facilities are known to be in violation or at risk of violating employees' right to exercise freedom of association or collective bargaining. Our security practices are currently an outsourced function, and we have arranged for our employees and contractors to receive security procedure training in addition to human rights training. We review all data security processes in our contracts with clients and vendors to determine what, if any, data may be disclosed, allowing us to identify and mitigate any security risks.

PFS does not employ any workers who are under the age of 18. None of our operations are known to be at risk for incidents of child labor or exposing young workers to hazardous work. Additionally, to the best of our knowledge, we do not have any significant risk of incidents of forced or compulsory labor.

Labor Standards and Human Rights are overseen and managed by the Legal Department and the Sustainability Management Committee.

## Planned Initiatives

This year, PFS developed a Human Rights Policy which prohibits the use of labor that is sourced unethically, such as human trafficking, and has a zero tolerance for child labor and modern slavery. The Human Rights Policy and its requirements apply to all PFS employees, including contractors, subcontractors, and other entities. The scope of this Human Rights Policy applies to all PFS facilities and properties. All employees will be trained on this policy, as well as on how to spot the signs of human trafficking and forced labor.

PFS is identifying opportunities to implement a formalized risk assessment procedure to identify risks of human trafficking, child labor, and forced labor. In addition, we recognize the importance of not only assessing our company, but also our suppliers. We plan to develop a supplier and procurement questionnaire to help identify cases of violations of human rights and labor standards.



# Diversity and Equal Opportunity

## Management Approach

We believe that providing a diverse workplace that promotes mutual respect and inclusion for all employees is critical to our business success and to driving innovation and growth. Since 2018, all U.S. employees have been trained on diversity and inclusion upon onboarding. In 2019, we expanded this training effort to our global workforce. In 2018, we launched an expanded Diversity & Inclusion effort and hired a firm to help develop a phased approach to increase diversity and ensure inclusion. As part of this process, PFS is engaging its workforce and seeking feedback from various groups within the company, including, but not limited to, women, African Americans, and LGBTQ employees, to better determine if there are areas within our organization that warrant changes. PFS is looking ahead to integrate more of these efforts in 2023, which are supported by policies within our employee handbook and our Diversity and Inclusion Statements.

PFS is an equal opportunity employer and strictly prohibits discrimination against employees, applicants, or any other stakeholder. We are an inclusive employer that demonstrates this commitment during all hiring, training, promotion, discipline, compensation, and benefits decisions.

As part of our inclusion efforts, we have developed policies and procedures to provide accommodations to better support qualified individuals with a disability to perform their current or future job.

Policies pertaining to diversity and equal opportunity are contained in our employee handbook and Diversity and Inclusion Statements. The Vice President of Human Resources oversees all diversity and inclusion efforts along with the support of our HR team.

**In 2020, our CEO, Mike Willoughby, became a signatory of CEO Action for Diversity and Inclusion. As a result, PFS has pledged to:**

- Cultivate environments that support open dialogue on complex – and often difficult – conversations around diversity, equity, and inclusion
- Implement and expand unconscious bias education and training
- Share best-known diversity, equity, and inclusion programs and initiatives — as well as those that have been unsuccessful
- Engage the board of directors when developing and evaluating diversity, equity, and inclusion strategies

## Planned Initiatives

PFS plans to increase our initiatives within diversity, equity, and inclusion. To better understand and further engage with our employees, PFS is planning on developing and distributing a diversity, equity, and inclusion survey in future years. The goal of the survey will be to receive feedback on ways PFS can best support our employees and ensure that each person feels respected.

This year, we are looking to review our recruiting materials to ensure they are accessible to all individuals and representative of the current employee population. In addition, we plan to review our recruiting processes so that they encompass a diverse population at all position levels. Identifying these opportunities is a step forward for our organization to make our recruitment process more equitable.

As part of our external diversity initiatives, we plan to include DEI screening questions in future supplier questionnaires, which will allow us to identify opportunities to promote diversity within our supply chain. As part of this effort, we will train procurement staff on how to overcome unconscious bias when selecting qualified vendors and partners.



## Gender and Ethnic Diversity

	Gender/Ethnicity	Employees	Management
U.S.	Female	63%	8%
	Male	36%	10%
	Unspecified Gender	1%	0%
	POC*	75%	56%
	Non-POC**	24%	43%
	Undisclosed Ethnicity	1%	1%
Global	Female	52%	39%
	Male	37%	56%
	Undisclosed Gender	11%	5%

\*POC – Asian, Hispanic/Latino, Black/African American, Native American/Alaska Native or Native Hawaiian, and two or more races.

\*\*Non-POC – White

## Employee Type

	Breakdown	Male	Female	Undisclosed	Total
U.S.	Full Time	338	595	4	937
	Part Time	15	19	1	35
Global	Full Time	188	160	-	348
	Part Time	18	23	-	41
	Total	559	797	5	1361
Totals	U.S.	353	614	5	972
	Canada	26	36	0	62
	United Kingdom	35	61	0	96
	Belgium	78	80	0	158
	India	67	6	0	73
	Total	559	797	5	1361

## Total number of turnovers during the reporting period, by age group, gender and region

Global	Global number of turnovers <b>ages under age 20</b>	2
	Global number of turnovers <b>ages 21–50</b>	422
	Global number of turnovers <b>over 50</b>	114
U.S. Only	Number of <b>male</b> turnovers: U.S.	183
	Number of <b>female</b> turnovers: U.S.	350
	Number of <b>gender not specified</b> turnovers U.S.	5
	Total number of <b>female</b> employees that were entitled to parental leave	591
	Total number of <b>male</b> employees that were entitled to parental leave	337

## Global percentage of managers in each of the following diversity categories

Age		
	Under 30 years old	6%
	30–50 years old	59%
	Over 50 years old	34%

## Global percentage of employees per employee category in each of the following diversity categories

Age		
	Under 30 years old	25%
	30–50 years old	47%
	Over 50 years old	27%
	Unknown	1%

## Global Female and Male People Manager Members

Female leadership team members	39%
Male leadership team members	56%
Undisclosed Gender leadership team members	5%
Leadership team members <b>under 30 years old</b>	6%
Leadership team members <b>30–50 years old</b>	59%
Leadership team members <b>over 50 years old</b>	34%

## Total number of new, global employee hires during the reporting period by age

Number of new hires <b>under age 20</b>	19
Number of new hires <b>ages 21–50</b>	342
Number of new hires <b>over 50</b>	68
Number of new hires <b>age unknown</b>	1

## Total number of new, global employees during the reporting period by age, gender, and region

	Age	Male	Female	Unknown
U.S.	Under Age 20	6	9	-
	Age 21 – 50	68	189	8
	Over Age 50	22	37	1
Canada	Under Age 20	1	-	-
	Age 21 – 50	3	7	-
	Over Age 50	2	-	-
Belgium	Under Age 20	2	-	-
	Age 21 – 50	7	22	-
	Over Age 50	-	2	-
	Unknown	1	-	-
India	Age 21 – 50	18	2	-
United Kingdom	Under Age 20	-	1	-
	Age 21 – 50	6	12	-
	Over Age 50	2	2	-
Total		138	283	9

# Training, Education, Learning, and Development

## Management Approach

The training and development of our employees is essential to the long-term success of PFS. We celebrate our wins, learn from our mistakes, reward commitment, and empower each other to reach our full potential. Driven by our company values, we strive to nurture employee professional development and promote excellence within each of us.

To ensure our employees are equipped to meet the demands of their current roles and prepared for future responsibilities, PFS provides several training opportunities. We offer skills-based training, leadership and people management training, privacy and data security training, people managers receive a Human Resources 101 training and education course. Starting in 2018, all employees participated in a company-wide diversity, equity, and inclusion training and this program continues to this day. As we look to enhance our strategic plans in these areas, we will continue to focus on internal training and development opportunities for all employees.

At PFS, we believe that employees should be rewarded for their commitment and on-the-job performance. To meet this commitment, managers and employees are strongly encouraged to discuss job performance and goals on an informal and frequent basis. Additionally, formal performance evaluations and career development reviews are completed on an annual basis among all employees and governance bodies. These evaluations are used for employment decisions and considerations, including but not limited to transfers, promotions, compensation decisions, training, salary reviews, and corrective action.

Policies pertaining to training, education, learning, and development are contained in our employee handbook. The Vice President of Human Resources oversees efforts pertaining to employee development with the support of our HR team.

## Planned Initiatives

At PFS, we value our employees' skills and want to provide the ability to excel in the workplace, both professionally and personally. In addition to our annual performance reviews, we plan to increase training to all managers to better support these reviews, including the creation of policies and procedures on internal hiring, promotions, and development tracks.

In addition, we are currently investigating professional third-party training programs that include a sustainability component. We value our employees' thoughts and ideas on this issue, and having an open forum will allow us to hear diverse perspectives and increase engagement in these areas.



## Innovative Solutions

### Management Approach

With a strong value proposition to serve as a well-integrated extension of our clients' enterprises, we are committed to delivering superior solutions that drive optimal customer experiences. For every brand that we serve, we strive to increase and enhance sales and market growth, bolster customer satisfaction and retention, and drive costs out of the business through operations and technology-related efficiencies. With our innovative solutions and services, our clients can quickly capitalize on market opportunities, elevate customer experiences, minimize investment, improve operating efficiencies, and access a complete order fulfillment platform.

PFS has implemented various innovative solutions in 2023 and is currently in the development phase of other initiatives, including:

- **Implemented or In Development**
  - Paperless picking and shipping: removing packing slips from our operation when appropriate
  - LED lighting installation at all facilities
  - Broader use of regional carriers and rate shopping to identify ideal shipping point and reduce emissions
  - Incorporating sustainability in our procurement processes and vendor selection
  - Elimination of non-recyclable materials in our packaging standards, including elimination of plastics
  - Enablement of store (BOPIS) solutions for cost and convenience and to reduce emissions
- **Planned Initiatives**
  - Solar installation in UK facilities
  - Automation deployment for cycle counting to reduce use of lift trucks and human resources
  - Right-sized packaging using WMS for carton selection to reduce dead space
  - Commuter programs during peak periods
  - Reduction of corrugate and adoption of reusable containers for receipt and return to vendor cycles
  - Solidarity sourcing initiatives

### Innovative Solutions Highlights

Leveraging our technology, expertise, and proven methodologies, we enable clients to develop and deploy new products and implement new business strategies or address new distribution channels rapidly and efficiently through our optimized solutions. Our clients engage us both as a consulting partner to assist them in the design of a retail eCommerce solution, as well as a virtual and physical infrastructure partner to provide the mission-critical operations required to build and manage their business. Together, we not only help our clients define new ways of doing business, but also provide them the technology, physical infrastructure, and professional resources necessary to quickly implement their commerce objectives. We allow our clients to quickly and dramatically change how they go to market and service their customers.



#### Pop-Up Distribution Centers

Leveraging our CloudPick<sup>SM</sup> solution, temporary fulfillment centers allow our clients' eCommerce fulfillment networks to flex during peak periods with all the benefits of regional distribution nodes, without the long-term capital costs. We can deploy full pick/pack/ship operations within weeks that run off a simple Wi-Fi network and our proprietary distributed order management technology. Deployed into any real estate space, this solution allows for temporary forward stock allocation to alleviate volume from the primary fulfillment center, shorten delivery times and lower shipping costs.



#### Fulfillment-as-a-Service

PFS has developed and deployed technology products that facilitate the omni-channel shopping experience. Our cloud based RetailConnect<sup>SM</sup> Store Edition is designed to streamline the pick/pack/ship operation within a retail store. Our cloud-based solution allows retailers the ability to offer ship-from-store and Buy Online, Pick-up In Store (BOPIS) quickly and accurately, transforming a brick-and-mortar store into an efficient, omni-channel hub which optimizes inventory and improves customer satisfaction.





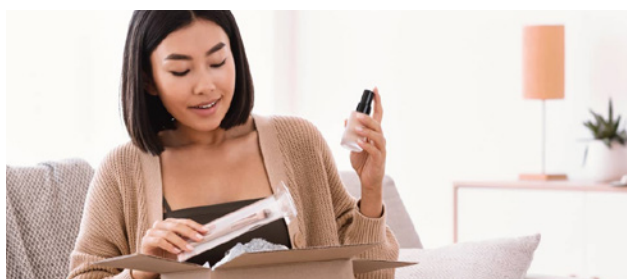
In 2023, PFS won a Covrt Award, celebrating innovation in retail, for our RetailConnect Pop-Up Fulfillment Center for eCommerce Loyalty Program.



## Personalized and Branded Packaging

Sustainable delivery options don't have to come at the cost of losing brand awareness. For example, at PFS we have clients who utilize branded paper padding and printed cardboard packaging, all recyclable options. There are many packaging options that include branding and customization. Who is to say that sustainable can't still look chic?

Beauty products are often synonymous with luxury, and that doesn't have to change just because a brand has opted for recycled cardboard. We empower consumers to be more eco-friendly, while still ensuring they receive their favorite sustainable beauty items.



## As Simple as Ticking a Box

Retailers can include a simple tick box option at checkout, allowing their customers to opt for more sustainable delivery and packaging options.

Most customers will appreciate the transparency and honesty of a brand that is trying to improve the sustainability of its operation. Brands that provide information at checkout regarding their efforts concerning the environment, even just a short message about their strategy, will educate and inform customers and increase customers' connection to the brand. This will also go some way to creating a holistic approach throughout the brand's online shopping process.

## Right-Size Packaging

By making a conscious effort to reduce packaging, brands can make a major difference to the environment and their bottom line.

### Benefits of Right-Size Packaging:

- Reduction of packaging waste
- Better protection during transport – resulting in fewer returns
- The ability to fit more packages onto the delivery trucks
- Minimizing the required storage space for packing material
- Increasing sustainable delivery options

## QR Codes

By placing a QR code on a branded box, brands can encourage further engagement without the need for additional marketing materials, thus improving upon sustainable delivery credentials.

## Pick Up and Drop Off

As their customers go about their daily lives, brands can provide them with the option of including parcel pickup as part of another journey.

### Benefits of Pick up and Drop off Locations:

- **Reduce carbon emissions** – Trucks can drop multiple items from local addresses to one location rather than multiple stops at many homes.
- **Eradicate failed delivery attempts** – This includes the cost of re-delivering at another time.
- **Create more flexibility with delivery** – No more waiting around the house all day for a package.
- **Simplify returns** – Items can simply be dropped back to the location, once again reducing the need for multiple pick-ups.

## The Right Information Can Limit Returns

Returns are not exactly eco-friendly – they mean more traffic on the roads, more logistics and processing, and often, those products don't even make it back onto the shelves. It is often cheaper for retailers to simply destroy returns altogether. We help customers understand the product to mitigate returns by implementing the following:

- **Helpful imagery** – Ensure that beauty products are shown on a wide range of skin tones and that the color and tone are accurately portrayed.
- **Information is key** – Product descriptions should include as much detail as possible. Fewer surprises result in fewer returns.
- **Product reviews** – Include reviews on product pages with prompts to share size, color, etc. Allowing your customers to be honest shows consumers you have confidence in your products.

Through reducing the volume of returns, sustainability initiatives will see improvement, costs will be reduced and if the above strategies are implemented, then the customer experience will also remain positive.

Improving upon sustainable delivery is ultimately a team effort. Consumers can make sustainable choices if brands offer suitable and achievable options.



## Optimizing Omnichannel Retail

After years of unpredictable supply chains, more retailers have come to understand the value of **omnichannel retail**, which fully integrates all different selling channels (like in-store, direct-to-consumer, and wholesale) to allow for greater inventory mobility. With technology that gives retailers full visibility of their stock, and multi-node fulfillment and distribution centers that make transporting goods more efficient, businesses can more easily navigate inventory surpluses and deficiencies. This strategy will help retailers to be more responsive to customer demand.





# Ethics and Compliance

## Management Approach

At PFS, we value transparency and awareness throughout all interactions across our organization. We place ethical behavior at the forefront of our business operations and are committed to complying with all laws, rules, and regulations that apply to PFS and acknowledge that each of our employees is responsible for the company's reputation. For this reason, we consistently encourage all employees to maintain honesty and integrity in our business, so PFS remains an industry leader and a place where associates are proud to work. We are currently developing a data retention policy for the privacy and security of critical customer data, which is overseen by our Chief Information Officer. Our Code of Ethics and Code of Conduct are overseen by our Vice President of HR. Any amendments to these codes are approved by the Audit Committee of the Board of Directors and are disclosed promptly as required by law or SEC regulation. All stakeholders have the ability to submit a confidential claim of improper activity through our whistleblower hotline. In addition, employees are able to submit any confidential information to our internal hotline. All complaints are tracked and monitored by our VP of Human Resources and all incidents reported are investigated, remedied, and updated in our internal database.

## Code of Conduct

One of our company's most valuable assets is our reputation for acting with integrity and fairness. Maintaining this reputation is one of the values that is the foundation of our company. We train all employees, including at the time of onboarding, on our anti-corruption policies and procedures per our **Code of Conduct**, which requires us to conduct our business consistently with our values and applicable laws.

## Code of Ethics

We have adopted a **Code of Ethics** in accordance with SEC rules and Nasdaq Stock Market listing standards. The intention of the Code is to provide guidance to ensure compliance with law and promote consistent ethical behavior.



## Whistleblower Hotline

PFS utilizes a whistleblower hotline as a mechanism for employees and other stakeholders to report suspected acts of impropriety such as fraud, waste, abuse, misconduct, or violations of PFS policy or any law or regulation. The hotline is communicated to all employees and is administered through an independent, trusted provider that assists PFS in identifying improper activity.

## Anti-Harassment

At PFS, we believe that our employees should be treated with respect and dignity. This ethos is the foundation for our anti-harassment policy. We do not tolerate any type of inappropriate conduct, including discriminatory harassment and sexual harassment, in any kind of workplace interaction or work-related setting outside of the workplace, including business trips, business meetings, or business-related social events. Compliance with this policy is required of all PFS employees, managers, contractors, subcontractors, consultants, clients, customers, and vendors. Employees who observe, learn of, or are subjected to harassment, are responsible for immediately reporting the conduct to their human resources representative or the Board of Directors for prompt investigation. Investigations will be conducted in as discrete and as confidential a manner as is practicable. Retaliation against individuals who report such violations of policy, or against those who provide information in an investigation of such violations, is also a violation of policy. The company will act promptly and vigorously to take corrective action and appropriate discipline with respect to any harassment or retaliation, up to and including termination of offending individuals.

## Environmental Compliance

PFS is committed to conducting its business in compliance with all applicable environmental and workplace laws and regulations in a manner that has the highest regard for the safety and well-being of its employees and the public. Therefore, PFS expects all employees to do their utmost to abide by the letter and spirit of these laws and regulations. These laws and regulations must be strictly followed. Employees with questions regarding the requirements that apply to their work area should contact their supervisor.

## PFS Information Security and Data Compliance

At PFS, we recognize our responsibility to safely process, transmit and store client and customer data and to ensure compliance throughout our information systems. PFS adheres to all U.S., European, Indian, and Canadian requirements for all IT controls. We align our IT controls to National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF) to ensure the five principles (identify, protect, detect, respond, and recover) are covered for our IT infrastructure and data processing integrity. To ensure that financial information is managed securely, we maintain Service Organization Control 1 (SOC1), Payment Card Industry (PCI) compliance and an annual NIST-based risk assessment. PFS has a skilled, in-house IT security team and leverages industry-leading products to protect our IT infrastructure. PFS trains all staff and contractors annually on best practice security awareness topics such as cybersecurity basics, phishing, password compliance, social engineering, data privacy standards, and physical security. We review all data security processes in our contracts with clients and vendors to determine what, if any, data may be disclosed, allowing us to identify and mitigate any security risks. PFS utilizes a Privacy and Security by Design approach and follows data minimization practices through anonymization and the limitation of data retention for all client data processed through our systems. We aim to have Data Processing Agreements (DPAs) in place with clients and vendors that describe rights and responsibilities around data retention and deletion, where applicable.

## Planned Initiatives

PFS plans to commit to the United Nations Global Compact (UNGC) before the end of 2023. Participants on the UNGC incorporate the Ten Principles into their strategies and policies. As a member, we will be expected to uphold our basic responsibilities which across all operations and procedures.

To ensure all policies are relevant and up-to-date, we plan to review our Code of Conduct to ensure it includes all best practices and industry risks. All employees will continue to be trained on the Code of Conduct at the time of onboarding, in addition to receiving annual training on the Code of Conduct, Code of Ethics, and PFS compliance procedures.

# Supply Chain Assessment

## Management Approach

As a global provider of eCommerce fulfillment solutions, PFS plays a large role in assisting major brand name companies that are seeking to optimize their supply chain. Optimizing these supply chains begins with the optimization and enhanced performance of our own supply chain. Last year, we took measures to increase supplier diversity by partnering with minority-owned businesses and screened all new suppliers on social aspects. We believe it is important to fully understand our supply chain and the positive impacts we can make as we bring on additional suppliers and review our current supplier processes and procedures.

In 2021, our Area Vice President of Global Procurement and Vendor Management joined into the Sustainability Management Committee. This empowered PFS identify opportunities to embed sustainability efforts into the procurement processes.

In the interest of greater transparency and to help clients assess opportunities to improve their own supply chains, we aim to provide consultative recommendations to our clients and other external stakeholders about various sustainability topics.

Moving forward, PFS plans to engage customers through increased sustainability communications, encouraging stakeholders to improve their own sustainability practices, and educating stakeholders on the importance of sustainable choices within their supply chain. To formalize this commitment and promote sustainability, we developed a Sustainable Promotion Policy. This policy is overseen by our Area Vice President of Global Procurement and Vendor Management, our Director of Marketing & Communications, and our Vice President of Business Development, ensuring that the contents of this policy are directly and correctly communicated to all stakeholders involved.

## Supplier Diversity

PFS takes pride in how we operate our supply chain. Supplier diversity and the support of women-owned, veteran-owned, and minority-owned organizations is a main factor in PFS's supplier selection process. PFS has begun increasing communications with suppliers to understand their existing diversity certificates and plans to create a formal screening process in the near future. With oversight from our Area Vice President of Global Procurement and Vendor Management and Executive Leadership team, we continuously monitor our diverse supplier efforts and contributed a total of \$8M in diverse supplier spend in 2022.

## Planned Initiatives

We are striving to create and maintain relationships with companies that support our sustainability vision, align with our values, and commit to a more green and diverse supply chain. In addition to currently screening new suppliers for diversity metrics, we are looking to create a formal ESG procurement policy and screening process for our suppliers, allowing us to screen and assess suppliers for significant actual and potential ESG impacts. Through this process, we are investigating opportunities to formalize these procurement processes with an extensive supplier questionnaire, to be managed by our Area Vice President of Global Procurement and Vendor Management, that will assist in identifying all social and environmental impacts in our supply chain.

Creating our formal ESG screening process will allow further opportunities to regularly educate our suppliers on sustainability issues specific to their business. Moving forward, PFS is looking to expand these educational processes to our entire supplier base and integrate these specific components into a future supplier code of conduct. Aligning PFS' sustainability vision and values throughout our supplier relationships is an important step for any impactful progress to be made and we recognize this as an opportunity to enhance responsible supplier selection. To achieve the best alignment possible with our suppliers, we are looking to develop formal training for our procurement team that details the understanding of our supplier code of conduct, ESG screenings, formal policies, and other supply chain related activities.





# Appendix

## GRI Content Index

### Statement of use

Priority Fulfillment Services (PFS) has reported in reference to the GRI Standards for the period January 1, 2022 to December 31, 2022.

### GRI used

GRI 1: Foundation 2021

### General Disclosures

GRI #	Disclosure	Location/Response
2-1	Organizational details: Legal Name	PFSweb, Inc.
2-1	Organizational details: Nature of ownership and legal form	Publicly traded company
2-1	Organizational details: Headquarters location	Irving, Texas
2-1	Organizational details: Countries of operation	Belgium, Canada, India, United Kingdom, United States
2-2	Entities included in the organization's sustainability reporting	This report covers PFSweb and all its operating locations.
2-3	Reporting period, frequency and contact point	About This Report, Page 3 Reporting Period: January 1, 2022-December 31, 2022 PFS plans to produce an annual sustainability report
2-4	Restatements of information	Due to this being our first sustainability report, we do not have any restatements of information.
2-5	External assurance	We currently do not seek external assurance for our report.
2-6	Activities, value chain and other business relationships	About PFS, Page 3
2-7	Employees	Diversity and Equal Opportunity Page 14 Full-Time U.S. Employees: 930 Full-Time Global Employees: 1,118
2-8	Workers who are not employees	In 2022 PFS did not retain any workers who are not employees.
2-9	Governance structure and composition	Governance Structure and Composition, Page 4 PFS Form 10-K/A, Page 2-3
2-10	Nomination and selection of the highest governance body	Governance Structure and Composition, Page XX PFS Form 10-K/A, Page 5
2-11	Chair of the highest governance body	PFS Form 10-K/A, Page 3 In 2022 Michael Willoughby was appointed to Board while transitioning management tasks to COO, Zach Thomann. Zach will be appointed as CEO sometime in 2023.
2-12	Role of the highest governance body in overseeing the management of impacts	Governance Structure and Composition, Page 4
2-13	Delegation of responsibility for managing impacts	Governance Structure and Composition, Page 4
2-14	Role of the highest governance body in sustainability reporting	Governance Structure and Composition, Page 4
2-15	Conflicts of interest	Ethics and Compliance, Page 20
2-16	Communication of critical concerns	Ethics and Compliance, Page 20
2-17	Collective knowledge of the highest governance body	PFS Form 10-K/A, Pages 2-4
2-18	Evaluation of the performance of the highest governance body	PFS Form 10-K/A, Pages 4-5
2-19	Remuneration policies	PFS Form 10-K/A, Page(s) 5, 7-15
2-20	Process to determine remuneration	PFS Form 10-K/A, Page 5; Directors who are also employees of the Company or any of its subsidiaries receive no remuneration for serving as Directors or Committee members.
2-21	Annual total compensation ratio	For 2022, the ratio of the annual total compensation of Michael Willoughby, our Chief Executive Officer, to the annual total compensation of our median employee was 63.6 to 1.
2-22	Statement on sustainable development strategy	Sustainable Development Strategies and Policies, Page 5
2-23	Policy commitments	Sustainable Development Strategies and Policies, Page 5
2-24	Embedding policy commitments	Sustainable Development Strategies and Policies, Page 5
2-25	Processes to remediate negative impacts	Ethics and Compliance, Page 20
2-26	Mechanisms for seeking advice and raising concerns	Ethics and Compliance, Page 20
2-27	Compliance with laws and regulations	Ethics and Compliance, Page 20
2-28	Membership associations	We are not currently affiliated with any membership associations.
2-29	Approach to stakeholder engagement	Stakeholder Engagement, Page 4
2-30	Collective bargaining agreements	Ethics and Compliance, Page 13

## Material Topics

GRI #	Disclosure	Location/Response
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### Material Topics 2021

3-1	Process to determine material topics	Stakeholder Engagement, Page <a href="#">4</a>
3-2	List of material topics	Stakeholder Engagement, Page <a href="#">4</a>

### Anti-corruption 2016

3-3	Management of material topics	Ethics and Compliance, Page <a href="#">20</a>
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Compliance, Page <a href="#">20</a>
205-3	Confirmed incidents of corruption and actions taken	Zero confirmed incidents of corruption in 2022.

### Energy 2016

3-3	Management of material topics	Energy, Page <a href="#">7</a>
302-1	Energy consumption within the organization	Electricity = 12,37.91MWh; Natural Gas = 4,569.17 MWh Total non-renewable energy consumption: 16,943.08 MWh
302-3	Energy intensity	2022: 0.08463 MWh/m2

### Emissions 2016

3-3	Management of material topics	GHG Emissions, Page <a href="#">8</a>
305-1	Direct (Scope 1) GHG emissions	849.69 MT CO2e
305-2	Energy indirect (Scope 2) GHG emissions	4208.62 MT CO2e
305-4	GHG emissions intensity	0.017 kg CO2e/revenue \$
305-6	Emissions of ozone-depleting substances (ODS)	None
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	CH4- 19.6 MT; Nox- 3.65 MT

### Waste 2020

3-3	Management of material topics	Waste, Page <a href="#">10</a>
306-1	Waste generation and significant waste-related impacts	Waste, Page <a href="#">10</a>
306-3	Waste generated	Total Waste (non-hazardous) = 5,244,764 Kg
306-4	Waste diverted from disposal	Paper + Cardboard Recycled = 208,185 Kg; Plastic Recycled= 1,590 Kg
306-5	Waste directed to disposal	General Waste to Landfill = 12,686 Yd Conversion of 1 yd = 875 lbs of mixed paper waste, and yd to kg = 5,034.988.70 Kg

### Employment 2016

3-3	Management of material topics	Employee Health, Safety, and Wellness, Page <a href="#">11</a>
401-1	New employee hires and employee turnover	Diversity and Equal Opportunity, Page <a href="#">14</a>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Health, Safety, and Wellness, Page <a href="#">11</a>

### Labor/Management Relations 2016

3-3	Management of material topics	Labor Standards and Human Rights, Page <a href="#">13</a>
402-1	Minimum notice periods regarding operational changes	Labor Standards and Human Rights, Page <a href="#">13</a>

### Occupational Health and Safety 2018

3-3	Management of material topics	Employee Health, Safety, and Wellness, Page <a href="#">11</a>
403-1	Occupational health and safety management system	Employee Health, Safety, and Wellness, Page <a href="#">11</a>
403-2	Hazard identification, risk assessment, and incident investigation	Employee Health, Safety, and Wellness, Page <a href="#">11</a>
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Health, Safety, and Wellness, Page <a href="#">11</a>
403-5	Worker training on occupational health and safety	Employee Health, Safety, and Wellness, Page <a href="#">11</a>

### Training and Education 2016

3-3	Management of material topics	Training and Education, Page <a href="#">16</a>
404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education 100% of employees receive an annual performance review

## Material Topics (continued)

GRI #	Disclosure	Location/Response
<b>Diversity and Equal Opportunity 2016</b>		
3-3	Management of material topics	Diversity and Equal Opportunity, Page <a href="#">14</a>
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity, Page <a href="#">14</a> Total Number of Directors: 6; Female: 2; Male: 3; Undisclosed: 1 Demographic Background – Hispanic or Latinx, Female: 1; White, Female: 1; White, Male: 3; Undisclosed: 1
<b>Freedom of Association and Collective Bargaining 2016</b>		
3-3	Management of material topics	Labor Standards and Human Rights, Page <a href="#">13</a>
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labor Standards and Human Rights, Page <a href="#">13</a>
<b>Child Labor 2016</b>		
3-3	Management of material topics	Labor Standards and Human Rights, Page <a href="#">13</a>
408-1	Operations and suppliers at significant risk for incidents of child labor	Labor Standards and Human Rights, Page <a href="#">13</a>
<b>Forced or Compulsory Labor 2016</b>		
3-3	Management of material topics	Labor Standards and Human Rights, Page <a href="#">13</a>
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Labor Standards and Human Rights, Page <a href="#">13</a>
<b>Security Practices 2016</b>		
3-3	Management of material topics	Ethics and Compliance – PFS Data Compliance, Page <a href="#">20</a>
410-1	Security personnel trained in human rights policies or procedures	Ethics and Compliance – PFS Data Compliance, Page <a href="#">20</a>
<b>Supplier Social Assessment 2016</b>		
3-3	Management of material topics	Supply Chain Assessment, Page <a href="#">22</a>
407-1	414-1 New suppliers that were screened using social criteria	Supply Chain Assessment, Page <a href="#">22</a> 100% of suppliers are screened using social criteria

