

Corporate Social Responsibility Report

2023



Introduction: Embracing Sustainability and Innovation

At SDI, we understand that the future of business is not just in the services we provide but also in the **sustainability and ethical impact** of our operations. Our vision for sustainability is deeply integrated into our culture and business practices, ensuring that we not only deliver exceptional value to our customers but also actively contribute to a more sustainable world.

A Message from Our CEO: Leading the Charge in Digital Supply Chain Transformation

As the CEO of SDI, I've witnessed firsthand the transformative power of innovation and sustainability in our industry. When I joined SDI in 2009, it was a period of great uncertainty and challenge. However, it was also a time of immense opportunity. The journey from those early days to now has been nothing short of remarkable.

We're not just a company that moves parts; we're pioneers in the digital supply chain revolution. Our mission, "**Think Differently,**" reflects our commitment to changing how people think about and manage the supply chains for MRO (Maintenance, Repair, and Operations). We've shifted the paradigm from viewing MRO as a mere cost center to recognizing it as a **source of innovation** and sustainable competitive advantage.

Sustainability at the Core

Sustainability is not just a buzzword for us; it's a guiding principle. We use state-of-the-art technologies to streamline processes, eliminate waste, and increase productivity. Our approach to responsible sourcing and our "reduce, repair, reuse, recycle" philosophy are testaments to our commitment to environmental stewardship.

Empowering Future Leaders

Our collaboration with the **IFMA Foundation** in establishing the Eric Teicholz Sustainability Facility Professional® (SFP®) Scholarship in Supply Chain underscores our dedication to cultivating environmentally conscious leaders in supply chain management. Complementing this effort, our acclaimed SMRT and START programs provide extensive training for Storeroom Attendants and aspiring Site Managers. Alongside these initiatives, our CARE mentorship program and financial support options, including tuition reimbursement and student loan benefits, demonstrate our unwavering commitment to employee development and corporate social responsibility.

A New Era of Digital Transformation

The post-pandemic world has accelerated the need for end-to-end supply chain visibility and control. Our brand positioning, "**Don't Spectate. Participate. Dominate.**" encapsulates our resolve to lead and shape the future of supply chains. With our **ZEUS** Digital Supply Chain Management platform and continuous investment in digital innovation, we are well-positioned to drive significant value creation, not just for our customers but also for our entire team.

Looking Ahead with Gratitude and Ambition

As we move forward, I am incredibly grateful to be surrounded by a team of talented and dedicated professionals. Our growth is a testament to our collective efforts and the unwavering commitment to our mission. I am excited about the future of SDI and the extraordinary things we will achieve together.

Thank you for your continued support and dedication. Together, we will continue to **redefine the standards** of the digital supply chain and create a sustainable future for generations to come.

Sincerely,

Christopher Moore

Christopher Moore
President and CEO, SDI



At SDI, we are dedicated to integrating sustainability and environmental, social, and governance (ESG) considerations into the heart of our operations. This commitment is reflected in our robust strategies and activities aimed at creating a sustainable future and delivering value to our many stakeholders.



Sustainability and ESG: A Core Focus

Sustainability at SDI extends beyond environmental stewardship; it encompasses a **holistic approach** that balances ecological concerns with social responsibility and governance. In alignment with the UN Sustainable Development Goals, we have established a framework that embodies our vision and operationalizes our commitment to sustainability.

Environmental Stewardship

Our environmental initiatives are a testament to our dedication to **reducing our ecological footprint**. From the closure of our Bristol corporate office to the adoption of remote work systems, our efforts have significantly minimized our impact on the climate. Our Green IT Practices, focusing on energy-efficient technologies and e-waste management, further our commitment to a healthier planet.

Social Responsibility

SDI places immense value on **diversity**, inclusion, equity, and belonging in the workplace. We are proud of our diverse and inclusive culture, which is reflected in our recruitment strategies, workplace environment, and our continuous efforts to foster a supportive and respectful atmosphere for all our employees. Our community engagement initiatives and safety programs exemplify our commitment to societal well-being and ethical practices.

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SDI's Environmental Impact, by the Numbers:

35%
Fully remote workforce

697,500 kWh
Annual electricity savings

197.58 Metric Tons
CO2e Employee Commute Reduction

\$6.4-7.3M Saved & CO2 Cut
Client Shift from Will-Call to eCommerce





Integrating Supplier Diversity with Global ESG and CSR Commitments

Our dynamic initiative to build and expand our Supplier Diversity Program is **seamlessly integrated with our dedication** to Diversity & Inclusion, Corporate Social Responsibility (CSR), and Global ESG Goals. This strategy encompasses Data/Reporting, stakeholder engagement, and 2nd Tier Spend, harnessing best practices and strategic collaborations to drive value, innovation, and connectivity with diverse & sustainable suppliers.

144
Diverse Suppliers Engaged

100%
SDI mandates 100% of its employees to undergo harassment training via our trusted vendor Syntrio

64%
Female or Under-represented

Governance and Ethics

Governance at SDI is rooted in a strong ethical foundation and a commitment to **transparency and accountability**. Our Board of Directors and leadership team are dedicated to upholding these principles, ensuring that our business practices not only comply with regulatory standards but also align with our core values.

Reporting Scope and Methodology

This report covers our sustainability and ESG activities for the fiscal year 2023. It has been prepared with a focus on transparency and thoroughness, ensuring that all information presented is accurate and reflects our **ongoing efforts** towards sustainability and ESG compliance.



Climate Action and Office Operations

At SDI, we are committed to reducing our impact on the climate. A significant step in this direction was the permanent closure of our corporate office in Bristol, transitioning to a **remote work system**. This strategic move not only aligns with our environmental goals but also reflects our commitment to modern, sustainable work practices.

→ Carbon Footprint Reduction:

By not operating our own warehouses and promoting remote work, we have substantially minimized our carbon footprint. Our calculations, based on a standard commuting model, indicate significant reductions in CO₂e emissions, underscoring our commitment to a cleaner environment.

→ Office Resources Optimization:

The shift to remote work has led to a dramatic reduction in office supply usage. We have noticed a significant decrease in the use of paper, copiers, ink, and general office supplies. These changes not only represent cost savings but also a substantial reduction in our environmental impact.



Waste Management and Natural Resource Conservation

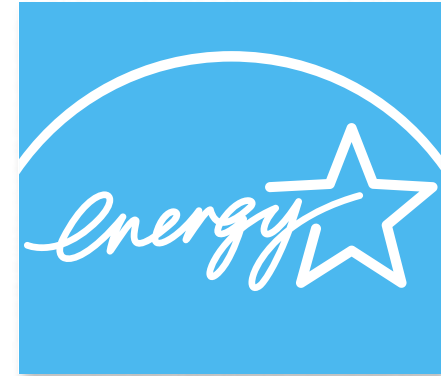
SDI's approach to waste management and resource conservation is proactive and innovative. We have implemented strategies to ensure that we not only reduce waste but also promote the reuse of resources wherever possible.

→ Tracking Repairable Items:

Our operations team meticulously tracks items that have been repaired for clients, creating an opportunity to reuse equipment for other work orders, thus promoting a culture of repair and reuse.

→ Digital Service Model:

Our digital service model is designed to create virtually zero waste, contributing significantly to our goal of natural resource conservation.



Green IT Practices

We believe in the power of technology to drive environmental sustainability. Our IT practices are geared towards reducing our carbon footprint and enhancing energy efficiency.

Energy-Efficient Technologies:

Adoption of energy-efficient technologies in our data centers and the use of equipment that reduces the overall carbon footprint is a priority.

Hardware and Power Optimization:

We encourage practices like sleep mode configuration, screen timeout settings, and the use of Energy Star-certified products to ensure our hardware is as energy-efficient as possible.

Renewable Energy and E-Waste Management:

Our cloud providers support our initiative by investing in renewable energy sources and implementing responsible e-waste disposal practices.

Company-wide Commitment

At SDI, diversity, equity, inclusion and belonging are more than just policies; they are integral to our corporate identity. We recognize the strength that comes from a **diverse workforce** and are committed to fostering an environment where every individual is valued and respected.

→ Employee Experience:

We value a team with diverse backgrounds, skills, and perspectives, as this diversity is key to innovation and better service for our customers, vendors, and community. [Our Core Values](#) underline the importance of continuous learning, adaptability, and embracing innovation, even if it means making mistakes. This approach strengthens our dedication to diversity, equity, inclusion, and belonging.

→ Awards and Recognition:

Our efforts in creating an inclusive and engaging work environment have been recognized externally, with awards such as:

→ Top Workplaces, Philadelphia Region, 2023

→ Delaware Valley Human Resources Department of the Year, 2022

→ People Accelerator: Learning & Development Program of the Year, Transform Award, 2023

→ Award of Excellence for Employee Engagement, DE Valley HR Dept of the Year Awards, 2022

These accolades are a testament to our commitment to fostering a culture that values every employee.

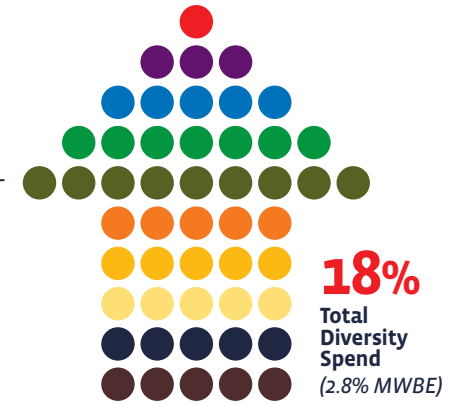


Promoting Diversity in the Supply Chain

In addition to our internal commitments to diversity and inclusion, SDI extends these values to our supply chain management. We recognize the importance of **supplier diversity** as a key component of our social responsibility.

→ Supplier Diversity Programs:

SDI actively seeks to partner with diverse suppliers, including minority-owned, women-owned, and other underrepresented groups. Our approach involves identifying and fostering relationships with these suppliers, contributing to economic inclusion and diversity in the business community.



→ Client Spend Management for Social Impact:

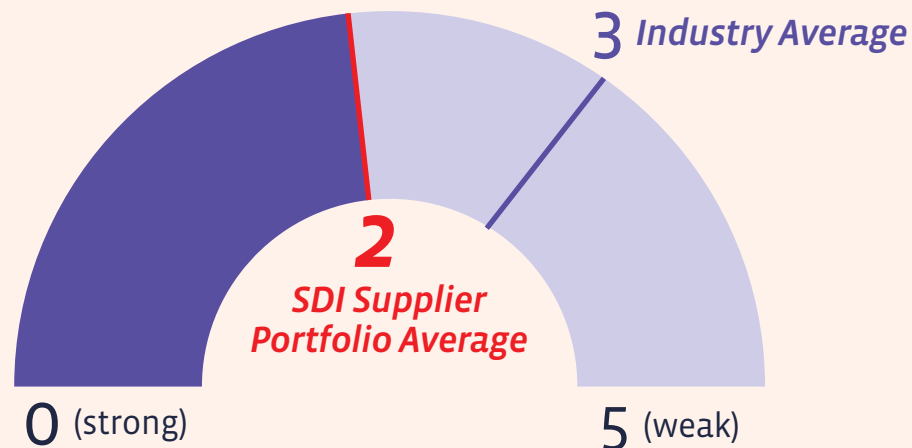
A significant portion of our services involves managing spend for our clients. We leverage this opportunity to guide client spending towards diverse suppliers. This not only enriches our clients' supply chains with a diverse range of perspectives and products but also aligns with their and our goals of promoting social equity through business practices.

→ Tracking and Reporting on Supplier Diversity:

We maintain a robust system to track and report on our engagement with diverse suppliers. This includes quantifying the amount of spend directed towards diverse suppliers and assessing the impact of these relationships on our supply chain and the communities they represent.

Beyond Industry ESG Standards

SDI, along with our supplier base, proudly surpasses industry averages in Environmental, Social, and Governance (ESG) performance, as assessed by **Dun & Bradstreet**. This notable score reflects the combined efforts and commitment of both SDI as a company and our carefully selected supplier network, showcasing our shared dedication to exceptional ESG practices.



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Ethical Practices and Conduct

Ethical conduct and integrity form the backbone of our business operations. We ensure that our practices are not only compliant with laws and regulations but also align with our core values and principles.

→ **Ethics and Compliance:** SDI maintains a **strict code of ethics policy**, which is integral to our operations. We provide an anonymous hotline for employees to report any issues and ensure that our procurement processes are transparent and fair.



Top Workplace
Philadelphia 2023



People Accelerator
L&D Program Award



Community Impact
Non-Profit Investments



90% of Employees feel they can be their authentic selves at SDI



82% of Employees agree their manager is open to diverse opinions



100% of Employees have access to training opportunities



50% of Leadership Team is diverse



144 Diverse suppliers engaged

Community Engagement and Employee Well-being

Our responsibility extends beyond our immediate operations to the communities we are a part of. We believe in giving back and actively engage in various community initiatives.



→ **Supporting Local Communities:** Through our Best-in-Class storeroom winner program, we make **donations to non-profits** chosen by our teams, reflecting our commitment to causes that are meaningful to our employees and their communities.

→ **Safety Initiatives:** SDI is committed to ensuring the safety, health, and well-being of our employees. Our comprehensive safety program includes regular training, incentives for safe practices, and a robust observation program. These initiatives ensure **not just compliance** with safety standards but also promote a culture of safety and good health.



In 2023, each site employee was assigned a monthly safety class on topics critical to the safe operation of their storeroom. Classes were offered in Spanish and English.



Upholding Strong Governance Principles

At SDI, our governance framework is designed to ensure that we conduct our business with integrity, transparency, and accountability. Our approach to governance reflects our commitment to ethical business practices and the principles of good corporate citizenship.

→ **Board of Directors and Diversity:**

Our Board of Directors plays a crucial role in setting the tone for corporate governance at SDI. We believe in the benefits that diversity brings to decision-making and recognize that diversity of thought makes prudent business sense. Our board actively supports our efforts.



→ **Robust IT Security and Compliance:**

In an increasingly digital world, the security of information and compliance with data protection regulations is paramount. Our IT group maintains robust security programs, underscored by SOC1 & SOC2 certifications. These measures are vital in safeguarding our data and that of our customers, reinforcing trust and integrity in our operations..



Ethical Conduct and Accountability

Ethics are at the core of our governance structure. We strive to maintain the highest standards of ethical conduct in all our business dealings.

→ **Code of Ethics and Conduct:**

SDI's code of ethics is a cornerstone of our governance framework. It guides our internal and external interactions, ensuring that we operate with integrity and respect for all stakeholders.

→ **Open Door Policy and Ethics Training:**

We maintain an open door policy, encouraging transparent communication within the organization. Our ethics training programs, available through the SDI Academy, are integral in instilling a culture of integrity and ethical decision-making among our employees.

Core 5

SDI's GOVERNANCE HIGHLIGHTS 2023



100% Trained

Privacy & Security Education



Zero Tolerance

100% Harassment Training Mandated
SDI mandates 100% of its employees to undergo harassment training via our trusted vendor **Syntrio**, emphasizing our zero-tolerance policy towards harassment and our dedication to creating a respectful work environment



Best-in-Class Award

Ascend & Nestle Excellence



Quarterly Inspections

Bronze to Gold Safety Levels

Dynamic Workforce Composition

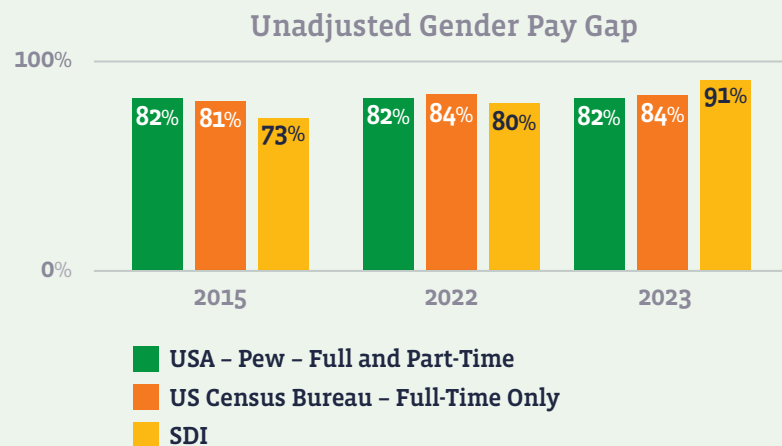
At SDI, we take pride in our dynamic and diverse workforce, recognizing that our employees are the cornerstone of our success. Our commitment to creating an **inclusive work environment** is reflected in all workplace practices.

→ **Advancements in Diversity and Inclusion:**

Our workforce has grown by 26%, with significant progress in the hiring and retention of female and underrepresented employees. We maintain an unadjusted gender pay gap that is well above industry benchmarks, demonstrating our commitment to fair and equitable compensation.

→ **Leadership and Representation:**

We believe that when people feel respected and included they can be more creative, innovative, and successful. We have focused on hiring and developing otherwise qualified female and underrepresented employees into high-level leadership positions. We have achieved a near-equal split between white male, and female and underrepresented employees in positions that pay \$90K and above, and 50% of our senior leadership positions are female or underrepresented.



SDI HIGHLIGHT 2023

64.6%
Female or
Under-represented
(SDI's USA DEI as of 11/7/23)

Community Engagement and Social Responsibility

SDI's dedication to social responsibility extends beyond our corporate walls. We actively engage with and support the **communities where we operate**, emphasizing causes that resonate with our values and the interests of our employees.

→ **Community Initiatives:**

Our community engagement initiatives include donations to non-profits and targeted support in areas like veterans' affairs, food scarcity, and education. The Best in Class Client Site Operations Competition is a prime example, where winning teams donate to local charities, reflecting our commitment to social responsibility.

Ethical Engagement and Cultural Development

We believe that ethical engagement and the development of a supportive culture are essential for a sustainable business. As confirmed by an **exhaustive employee survey**, SDI fosters an environment where employees feel valued, heard, and motivated to contribute their best. See a few key results on the [Social Initiatives](#) page of this report.

→ **Employee Development and Recognition:**

Our numerous awards and recognitions, including 'Top Workplaces 2023', are a testament to our commitment to creating an engaging and supportive workplace. We continuously invest in the development and well-being of our employees, ensuring their professional growth and satisfaction.

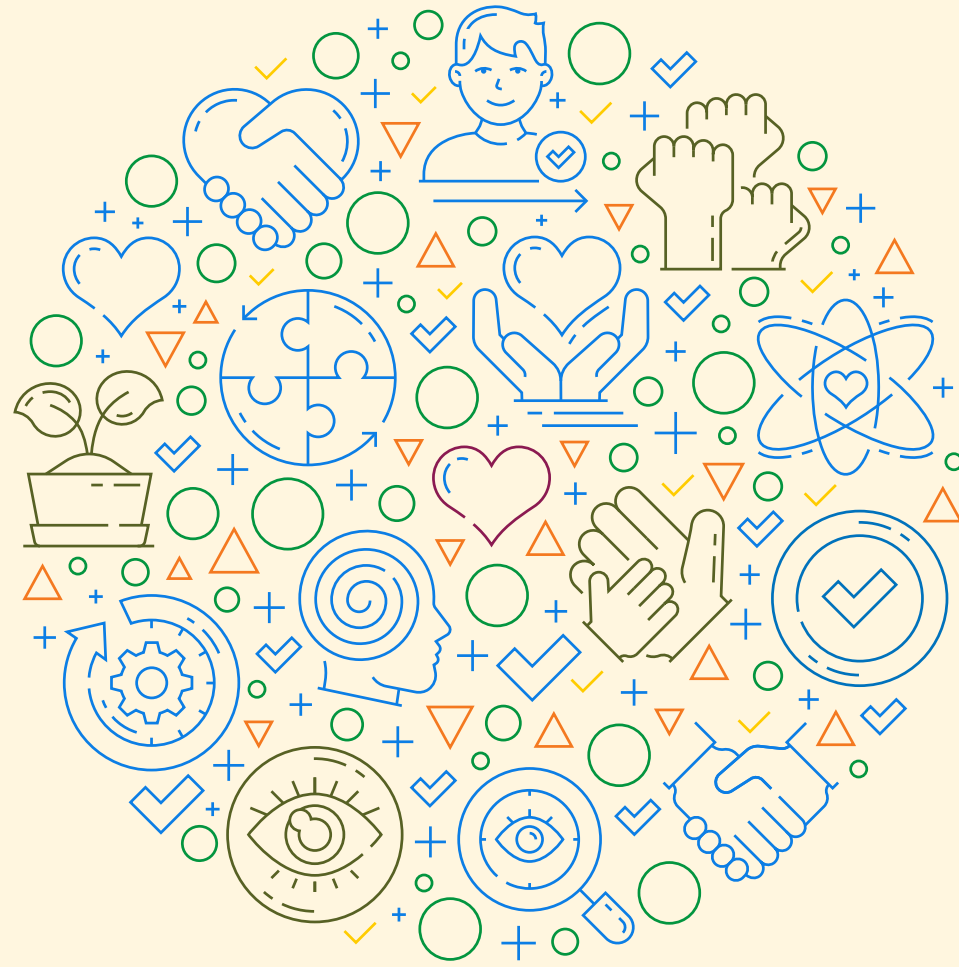
Health and Well-Being

→ Our commitment to employee well-being is reflected in a comprehensive suite of benefits and resources. We offer wellness days and flexible holidays to accommodate the diverse needs and life events of our staff. Programs like Cigna Motivate Me, pet bereavement support, Able Pay, and an employee assistance plan demonstrate our holistic approach to well-being.

→ Additionally, we offer a variety of wellness classes aimed at promoting both physical and mental health. These include, but are not limited to, courses in Happiness/Deep Wellbeing, Stress Management, and Building Resilience. To further support our employees, we provide robust mental health resources, ensuring that our team has access to the care and support they need to thrive both professionally and personally.

3 GOOD HEALTH AND WELL-BEING





SDI[®]

The Digital Supply Chain Company

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