



LogiPharma

THE 2023 SUSTAINABILITY REPORT



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Methodology

As the heat of the climate crisis continues to rise, WBR Insights has produced its first annual sustainability report, aiming to drive greener choices for a healthier future.

In Q3 of 2023, we surveyed 150 Heads of Supply Chain and similar senior executives from the life sciences industry across Europe to better understand the challenges they face in achieving their sustainability targets and the solutions they are bringing to the table.

The survey was conducted by appointment over the telephone and the results were compiled and anonymised by WBR Insights. They are presented here with analysis and commentary from EFESO Consulting, Sonoco ThermoSafe, SkyCell and the extensive LogiPharma community.

The topics detailed in this report will also be covered at the LogiPharma event in April 2024.

Download the agenda [here](#).



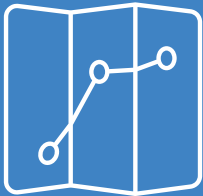
Which of the following best describes your job title?

Director of Supply Chain	25%
Director/Head of Logistics	20%
Global Head of Supply Chain	15%
Director/Head of Planning	10%
Director/Head/VP of Temperature Controlled Logistics/Supply Chain	10%
Director of Quality	5%
Director of IT	5%
Director/Head/VP of Temperature Cool Chain/ Cold Chain	5%
Head of Business Processes	5%

Where is your organisation located?

Switzerland	25%
UK	20%
Germany	20%
Nordics (Denmark, Finland, Norway, Sweden)	10%
Belgium	5%
The Netherlands	5%
Austria	5%
France	5%
USA & Canada	5%

Key Findings



A Dose of Change

The UN's Sustainability goals (UN SDGs) are an urgent call to action for environmental change and are quickly becoming an essential blueprint for pharmaceutical leaders. With these goals in mind, a massive **85%** of respondents to our survey claimed their current supply chain is only 'somewhat sustainable'. As pressure grows to reduce environmental footprints, having the UN SDGs as a benchmark helps to strengthen commitment and ensure supply chain leaders can match their goals and promises.

Measuring Up

Heads of supply chain are working to understand the challenges in front of them as they continue building a sustainable end-to-end supply chain. The vast majority of our respondents revealed measuring their environmental impact across value chain activities to be their biggest challenge. Overcoming this hurdle will allow pharma companies to set more personal environmental targets that help them reduce costs and become greener.



Prescribing Sustainability



Collaboration with partners is essential to sustainable progress. More than half of our respondents (51%) said they expect their partners to set auditable targets and measure progress against them. However, only 15% expect partners to have set Science Based Targets (SBTi). Having SBTi gives supply chain leaders a competitive edge and increases innovation.

Green Dreams

When it comes to implementing sustainable thermal packaging, success is not always forthcoming for the pharmaceutical industry. Almost two-thirds of our respondents (65%) revealed they are struggling to understand the CO₂ impact of their current packaging, while 43% are being impacted by a fear of change within their organisation. In the face of doubt, embracing change will become a powerful tool for growth but only if pharma leaders can be assured the risk will pay off.



Putting a Price on Carbon



Our respondents candidly shared with us the monetary values they have assigned for one tonne of CO₂e in their supply chain. These values range from EUR 45 to EUR 95. However, some respondents do not have the data available to assign a value. These values create a supply and demand for emission allowances and the cap ensures pharma leaders keep within their carbon budget.

How the Pharma Industry can Operationalise its Sustainability Goals and Achieve Traction in Decarbonisation

Q&A with Dr. Stefan Kahl, VP & Life Sciences Consulting Lead from ROI-EFESO

Where is the pharmaceutical industry in terms of sustainability?

So far, most companies have focused on building the cultural foundations of corporate sustainability, starting with sustainable resource use; or they have particularly emphasised social sustainability aspects, such as facilitating access to medicines for developing countries. These are important pillars of a sustainable corporate policy, but they are only half the battle.

What do you think should be on the agenda now?

With the new regulations in the wake of the EU's Green Deal, i.e. the Corporate Sustainability Reporting Directive (CSRD) or the German Act on Corporate Due Diligence Obligations in Supply Chains, companies are now facing the immense task of systematically working on assessing, disclosing, and reducing their carbon footprint.

This is very welcome; after all the life sciences industry is one of the biggest emitters of CO₂. The question that companies must now ask themselves is how they generate business value and create a competitive advantage over others from this commitment while balancing the costs. Sustainability must be seen as an opportunity, not a necessary evil!

How well are companies prepared for these new challenges and what needs to be done now?

Most of the major players have set ambitious carbon neutrality targets and integrated them into their corporate strategy, so the direction is clear. But only 10 per cent of all companies have set concrete targets and metrics against which progress can be made visible and measurable, as our recent survey with LogiPharma shows.

Breaking down the lofty sustainability goals into clear operational targets and associated key performance indicators has yet to be done by the majority and must now be urgently addressed. Without this foundation, activities will not get off the ground, nor will the strategic sustainability goals be achieved in the ambitious timeframe.

In addition to the difficulties in measuring sustainability impacts, pharmaceutical companies are struggling with data quality, transparency and sharing, especially to meet the complex Scope 3 sustainability obligations. These are known to account for the lion's share of emissions in the pharmaceutical industry but are also particularly difficult to collect.

Important levers for achieving this are, above all, improved end-to-end planning and digital solutions that offer connectivity

and transparency. The basic prerequisite is close integration and collaboration with suppliers and other third parties.

How do you support your customers on the journey to greater sustainability?

EFESO Management Consultants has been active in the life sciences industry for over 40 years as one of the few global consulting firms specialising in operations strategy, manufacturing and operational excellence, as well as supply chain management and Industry 4.0.

Our clients particularly appreciate that we do not come with a one-size-fits-all approach, but advise individually based on the customer's needs with a very holistic, hands-on approach. We attach great importance to focusing on and mobilising the entire company – from the boardroom to the shop floor – so to speak. In short: we support our clients primarily with the operationalisation of their sustainability strategy.

We usually start with an in-depth sustainability scoping exercise comprising the whole value chain, as it forms the basis for reducing emissions. Here, we pursue a rigorous risk assessment and generate a baseline to set the stage for improvements with the highest impact regarding sustainability projects and their ability to generate value.

An important task is the breaking down of the overarching goals into measurable targets and working with the customer to develop a tailored KPI system within the framework of relevant and applicable sustainability regulations and general trade-offs between strategic supply chain options. Supply chain managers have always been used to thinking in terms of trade-offs and sustainability is now an integral part of the equation, which will add further complexity that needs to be managed.

Regarding circular economy and sustainable packaging, we act as a trusted advisor and challenger to help transform our client's processes and finally comply with new regulations to come. When it comes to digitalisation, we think in process, business value and real objectives first, before we regard technological tools.

To anchor sustainability initiatives, we embed change management from the beginning of every project, e.g. mobilising the leadership and the employees to enable them to embrace and live sustainability in their company.

Chapter One

Redesign and Synchronise your Supply Chain End-to-End to Enhance Sustainability



The climate crisis is a major concern for all pharma stakeholders, as well as governments, health organisations, companies, employees, investors, patients and the public. In order to address concerns, the life sciences supply chain is undergoing a fundamental reimagining.

The United Nations’ 17 Sustainable Development Goals (UN SDGs) are providing a crucial framework for pharma leaders as they look to gain an edge when it comes to sustainability. These goals offer a blueprint for how the industry can provide better healthcare for more people while also reducing its environmental impact.

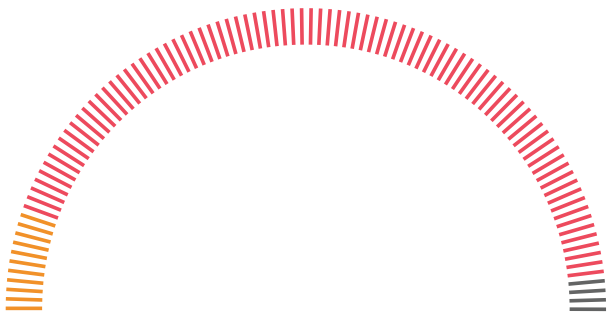
A whopping 85% of the respondents to our survey believe their current supply chains are only ‘somewhat sustainable’ when it comes to SDGs. This suggests there is still a long way to go to achieve the industry’s sustainability goals.

However, pharma leaders are setting out a plan of action, adopting ambitious and measurable goals. More than half of our

respondents revealed their sustainability goals are only partially concrete and have few defined measurable metrics. To achieve their targets and join the 9% with concrete and measurable KPIs, companies need to take transparent and collaborative steps forward. This can be achieved by generating actionable insights from data and setting shorter, more attainable goals.

This is evident with 42% of our respondents taking the time to foster a culture of sustainability across their organisation and 43% investing in circularity initiatives to reduce waste and emissions.

In times of uncertainty, sustainability can be seen as a source of risk rather than an opportunity. In fact, our survey showed that a massive 46% of respondents see a strong contradiction between supply chain resilience and sustainability. The view that one compromises the other misses out on the opportunities for growth.



With reference to the UN Sustainable Development Goals (UN SDGs), how sustainable would you describe your current supply chain?

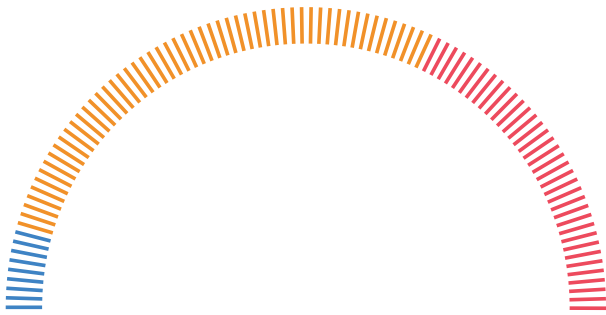
■ Very sustainable	0%
■ Sustainable	11%
■ Somewhat sustainable	85%
■ Not sustainable at all	4%

“This is such a relevant question for the industry at the moment and a constant topic for debate. I think the way this question is asked establishes the current dilemma we are facing when improving organisations’ sustainability. It sparks the need to measure sustainability in a more objective and systemic way. Having the SDGs there as a guide will allow leaders to measure their efforts and drive their goals forward. As a healthcare company, the SDG goals align to our goals of accessibility and affordability of our medicines to reach patients around the globe.”



David Ruiz
Head of Digital SC Strategy & Execution MSD

How advanced are you in defining concrete and measurable sustainability goals and metrics for your end-to-end supply chain?



- Very concrete goals and measurable KPI system in place **9%**
- Partially concrete goals including few defined measurable metrics **55%**
- High-level goals, but no measurable metrics defined **36%**
- No goals or metrics in place **0%**



“The direction has been set, but only 1 in 10 organisations have concrete goals and metrics in place! Breaking down high-level sustainability goals into clear operational targets and associated key metrics is yet to be done by the majority and has now to be tackled as a matter of urgency.”



Dr Stefan Kahl
Vice President at ROI-EFESO
North Europe & Middle East
Life Sciences Practice Lead

“These results make sense with regard to where the industry is at this moment in time. A large majority have partially concrete goals because it is so difficult for pharma leaders to pin down improvement metrics in this space. I think it must be noted that there is a willingness to improve when it comes to sustainability. However, in practise it rarely gets to the top of the list. There needs to be a change for this to turn into very concrete plans for all.

KPIs are everything when it comes to making actual change. We have started to develop a Sustainability Council where we get people together to better understand the issues we are currently facing. As it turns out, we really need to better identify and define our issues. Pharma companies are struggling with the visibility of clear KPIs. That is the starting point; let’s see what we can measure.”



Ciarán Forken
EMEA Fulfillment Optimisation Director
Baxter International Inc.

“These responses clearly show the level of maturity and development we’re seeing in sustainability for the life sciences supply chain. The first step in creating measurable KPIs and metrics is fully mapping out the sustainability credentials of one’s supply chain, including all external partners. Only once this has been achieved can measurable KPIs meaningfully be put in place.

The vast majority of producers are well on that journey, and is a relief to see there are no respondents who have said that there are no goals or metrics in place within their organisations.”



Will Robinson
LogiPharma 2023
Conference Director

What are the top three challenges facing your organisation when building a sustainable end-to-end supply chain? *Respondents were asked to select three options*



“Besides the difficulties in measuring sustainability impacts, pharma companies are mostly struggling with data quality, transparency and sharing to address Scope 3 sustainability commitments.

Working with alternative suppliers/CMOs and the selection of the right enabling technologies is further complicating the picture and inhibiting an end-to-end view on sustainability.”

 **Clive Geldard**
Value Chain Practice Leader
Group Vice-President Retail & Supply Chain

“I recognise the results I see here; sustainability and CO₂ emissions is a new accounting system, parallel to the P&L. Right now, we need to create an ecosystem and there are lots of opportunities to do so, but it’s going to take time.

The second aspect is trying to reconcile the investment strategy to the traditional business case mentality and pushing the importance of sustainability forward.”

 **David Ruiz**
Head of Digital SC Strategy & Execution
MSD

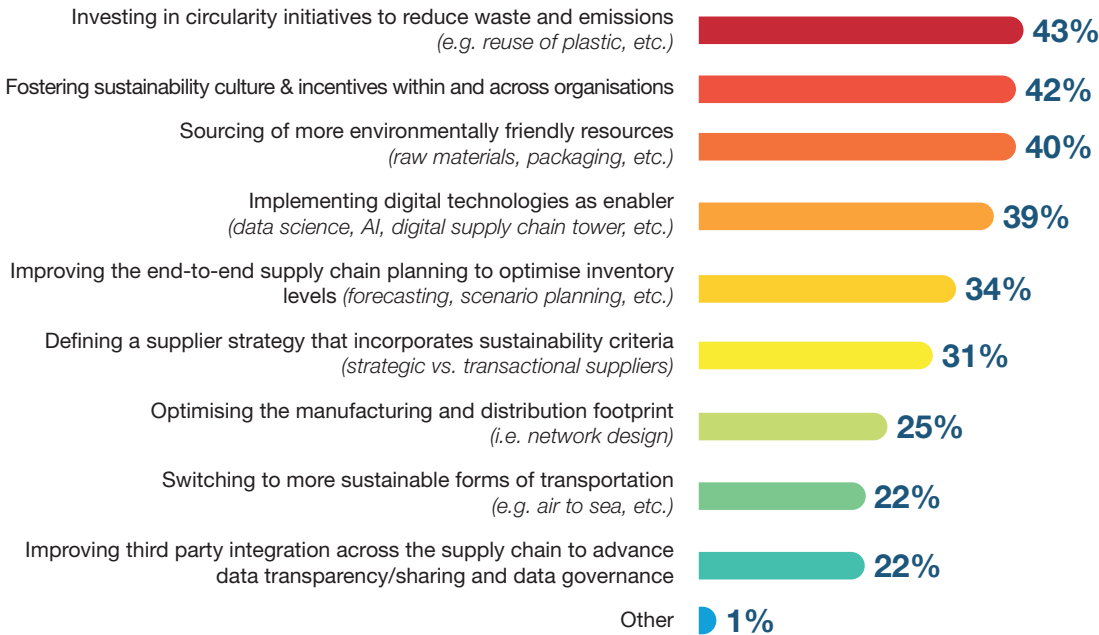
“The difficulty in accurately measuring the environmental impact across value-chain activities is a formidable obstacle. The intricate web of processes involved makes it challenging to quantify the carbon footprint comprehensively.

Organisational priorities and a clear understanding of sustainability goals are key components of this strategy. These goals should encompass not only reducing environmental impact but also enhancing social and economic sustainability. When sustainability is integrated into the core mission of the organisation, it becomes a driving force for change. Fostering a culture of sustainability is vital. Employees at all levels should be educated about the importance of sustainability and how their roles contribute to these objectives. This includes training programs, workshops, and ongoing communication to ensure that sustainability becomes ingrained in the company’s DNA.”

 **Jim Lassiter**
Vice President & General Manager
Sonoco ThermoSafe

Which top-3 levers are you currently utilising in your organisation to overcome challenges?

Respondents were asked to select three options



“The data indicates that organisations are focusing on building the cultural foundations of corporate sustainability starting with sustainable resource usage.

Improved end-to-end planning and digitech solutions that provide connectivity and visibility are seen as key levers. There appears to be wider potential to optimise operational footprints, utilise sustainable transport modes and work on closer integration with suppliers to deliver lasting impacts.”



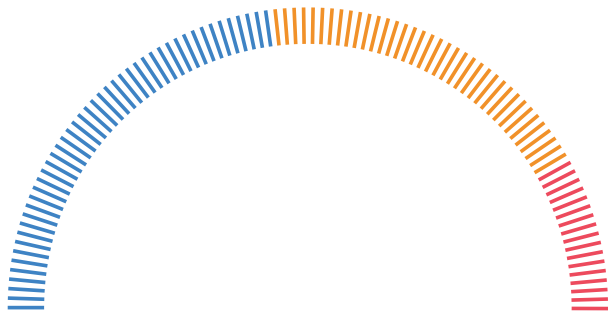
Dr Stefan Kahl
Vice President at ROI-EFESO
North Europe & Middle East
Life Sciences Practice Lead

“I recognise all these options as key tools to utilise when working to overcome challenges. We are currently doing most of these to some degree and the level of priority is not too surprising to me. Things such as optimising manufacturing and distribution footprints is something we spend a lot of time doing but not primarily for sustainability reasons. It is something that has become key for increasing operational efficiency and business agility.

This is often a way companies achieve their sustainability milestones, as more of a secondary thing. For example, we aim to reduce air freight as a way of reducing transport costs. However, this is also helping massively with reducing our CO₂ emissions. Although it may not be the primary objective, we are still reaping the sustainability benefits.”



Ciarán Forken
EMEA Fulfillment Optimisation Director
Baxter International Inc.



Do you see a fundamental contradiction between supply chain resilience (i.e. measures to ensure business continuity in challenging situations like, for example, building safety stock) and sustainability?

- Yes, there is a strong contradiction and a need for trade-offs to be balanced 46%
- Yes, there is a contradiction in the short-term, but only sustainable supply chains will be resilient in the long-term 37%
- No, there is no contradiction 17%



“Supply chain managers have always been used to thinking in terms of trade-offs. Sustainability is now firmly part of the equation, and the survey shows that pharma organisations are struggling to find the right balance across the scorecard of metrics.

Even so, 1 in 6 organisations believe that sustainability goals can be achieved without any adverse impact on service, cost and resilience.”



Clive Geldard
Value Chain Practice Leader
Group Vice-President Retail & Supply Chain

“When I see this result, I think of what resiliency requires. Resilience requires redundancy and redundancy requires overcapacity/multisourcing, which is typically a source of economical and ecological overspend. That is one way of looking at it. The other way is to lean on simplification: reducing the complexity of supply chains reduces risk (less points of failure) and reduces waste (less environmental burden, less cost).

Many products travel the world back and forth a couple of times before they reach the customer. This is a supply chain design flaw that multiplies risks, cost and environmental footprint. If we can simplify our supply chains, we develop our resilience because there are fewer points of failure.”



David Ruiz
Head of Digital SC Strategy & Execution
MSD

“It is no surprise to see that for the majority of respondents there is a real tension and potential contradiction between resilience and sustainability. Resilience requires a degree of contingency, which is often at odds with efficiency. Many significant initiatives that harness digitalisation are helping to improve this picture however. Looking into the long-term, one cannot be at the expense of another, both must be achieved, and the industry and its partners must find a way to do so.”



Will Robinson
LogiPharma 2023
Conference Director

Chapter Two

Prioritising Change: Re-evaluating Suppliers and Packaging for a Greener Future


The pharmaceutical industry is in a unique position to address sustainability by developing life-saving medicines that improve public health. However, stakeholders increasingly expect more direct interventions on equity of access and affordability. One of the biggest challenges to making this change is packaging, as safety standards must be met to avoid risk for patients.

It is a complex undertaking but is a challenge that is being embraced. A massive 61% of respondents to our survey are furthest along in using or evaluating recyclable thermal packaging, suggesting positive steps are being made in becoming more eco-friendly.

The need for action on sustainability is moving up the agenda for every pharmaceutical company and is reflected by our respondents. More than half (51%) expect their supply chain partners to set auditable sustainability targets to measure their progress, and 15% expect them to set Science Based Targets (SBTi). This will help to ensure the entire supply chain is working towards sustainability goals and increase transparency when it comes to progress.

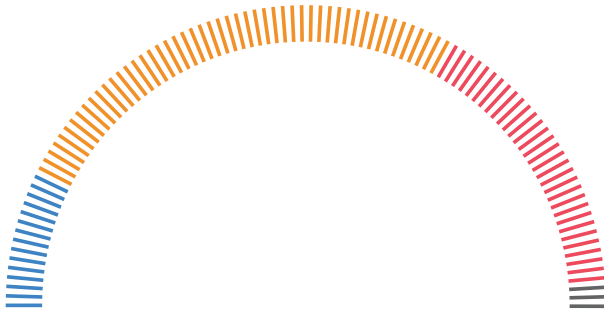
Of course, meaningful change will not happen overnight. Our survey found that 33% of respondents expect sustainability targets to impact thermal packaging decisions in 1-2 years and 65% expect it to take 3-4 years. While it is a challenge, switching to environmental packaging offers an opportunity - not just to go greener, but to create value through commercial growth.

Our research also identified the challenges that need to be overcome to drive sustainable thermal packaging forward. The biggest hindrance according to 65% of our respondents is understanding the CO₂ impact of their current packaging. Meanwhile, a significant 43% view fear of change as their biggest barrier. Sustainability change is not just a matter of adopting new practices or policies, it is transforming mindsets and cultures. In identifying where resistance to change lies, it is crucial that supply chain leaders communicate with stakeholders, empathise concerns, and offer clear and consistent information about the value of change.



It is a complex undertaking but is a challenge that is being embraced. A massive 61% of respondents to our survey are furthest along in using or evaluating recyclable thermal packaging, suggesting positive steps are being made in becoming more eco-friendly.

Are you consulting with your supply chain partners to establish their progress on the path to greater sustainability?



- Yes, we expect our partners to have set Science Based Targets (SBTi) **15%**
- Yes, we expect our partner to set auditable targets and measure progress against them **51%**
- Yes, we have shared our desire to work with suppliers who share our vision but we appreciate others are just starting their journey **31%**
- No, but we are evaluating our suppliers to identify strategic partners who can help us meet our goals **3%**
- No, not yet **0%**



“SBTi reported that in 2022 climate action accelerated, with an 87% increase in companies setting science-based targets. The companies validated in 2022 are greater in number than the entire previous seven years combined.

The largest rise was seen in the manufacturing, services and infrastructure sectors, whereas the slowest growth sectors were power generation, biotech, healthcare and pharma, and hospitality. This illuminates the need for growth in healthcare companies setting science-based targets.

It is evident that organizations are increasingly moving from a compliance-driven approach to an integrated and strategic approach where sustainability is viewed as a fundamental driver of long-term success, resilience, and positive societal contributions.”



Alison Crawley
Sustainability Manager
Sonoco ThermoSafe

“For this result, it depends on which part of the supply chain you work. In manufacturing, you will require partners to have set science-based targets and the right components that go into the product being made.

Regarding Fulfillment and Distribution, it is more thinking about third-party providers and making sure that they are driving sustainability goals forward so that we can demonstrate to our customers that we are making a conscious effort to generate change.”

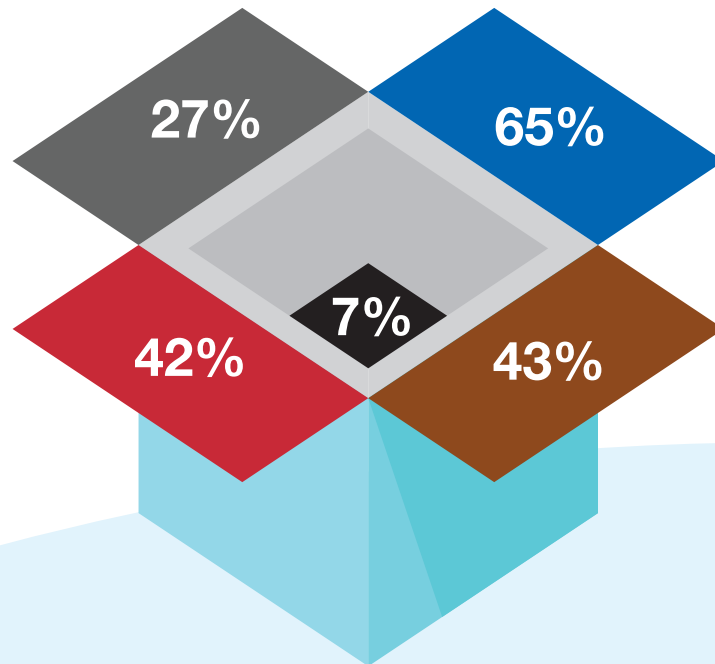


Ciarán Forken
EMEA Fulfillment Optimisation Director
Baxter International Inc.

What are the key challenges for your organisation when implementing sustainable thermal packaging?


Respondents were asked to select all options that applied

- Understanding the CO₂ impact of our current packaging
- Fear of change
- Investment/budget
- Differing priorities of stakeholders e.g. logistics and quality
- We lack internal expertise to drive the project and need a champion.



“One of the primary challenges is gaining a comprehensive understanding of the environmental impact of the existing packaging, one metric being carbon footprint. This entails assessing the entire life cycle of the packaging, from raw material extraction and production to distribution, use, and disposal. Many organisations struggle with collecting accurate and detailed data throughout the supply chain. This challenge can be addressed by using life cycle assessment tools and collaborating with forward-acting suppliers and partners to obtain the necessary data.

Implementing sustainable thermal packaging often requires upfront investments in research, development, and the adoption of new materials or technologies. Exploring funding opportunities, grants, or partnerships with sustainability-focused organisations can help alleviate budget constraints. Finally, with growing legislation and conversations around Extended Producer Responsibility, companies who do not take action towards sustainable solutions may be hit with significant fines.”

 **Alison Crawley**
Sustainability Manager
Sonoco ThermoSafe

“In the survey, 65% of the respondents are working to understand the CO₂ emissions within the supply chain and the environmental impact of packaging, but only 10% have found solutions. This is not surprising, given the high complexity of supply chains. Focusing solely on packing insulation is insufficient; we must consider the whole picture: the total emissions generated when transporting pharmaceutical products from point A to point B.

MIT recently released a study shedding light on the total emissions calculations. The study reveals that the most important elements when assessing total emissions are: packing production; payload efficiency of the packaging; and air transport emissions.”


 **Nico Ros**
CTO
SkyCell

“Looking at this result, for us CO₂ impact always means fewer trucks and fewer miles. Packaging is not the thing that comes to mind. I think there is a gap in understanding what the CO₂ impact is for packaging, particularly for us in terms of thermal packaging.


We do have cold chain within our distribution where we use dry ice, passive packaging, etc. The tricky part is that this can be very expensive. There need to be moves to make it more cost-effective and by reusing the packaging. It can be a challenge to recover the packaging; either the customer keeps it, we lose it somewhere or it gets damaged. There is work to do.”

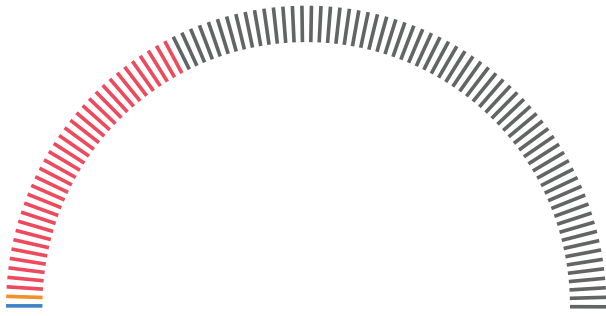
 **Ciarán Forken**
EMEA Fulfillment Optimisation Director
Baxter International Inc.

“Our industry is risk averse and our products are very complex from a temperature and time profile: we hold a high responsibility towards our patients. This implies any changes in our processes/technologies need to be tested scientifically to guarantee patient safety, including our transportation/packaging/packing. Our appetite for adopting greener technologies needs to be balanced with the need to prove our highest quality requirements, and that takes time and resources. We’re on the right track, we just need a bit more time.”

 **David Ruiz**
Head of Digital SC Strategy & Execution
MSD

“The CO₂ impact of packaging is seen as the most significant challenge for the greatest number of supply chain professionals shows the need for producers and packaging companies to collaborate further. Luckily we are seeing this happening at a significant rate in the industry, and there are a number of case studies and discussions focusing specifically on this at LogiPharma ‘24 in April.”

 **Will Robinson**
LogiPharma 2023
Conference Director



When do you expect thermal packaging decisions to be impacted by sustainability targets?

- They already are 1%
- Imminently (*before the end of the year*) 1%
- 1-2 years 33%
- 3-4 years 65%



“Finding packaging that is sustainable, cost-effective and has reliable performance can take time, especially in a regulated industry like biopharma. There is a responsibility to the patient to ensure critical shipments arrive safe for use. There are many stakeholders to ensure this, packaging being a key quality control component. As such, thermal packaging goes through rigorous compliance testing.

Typically, we see companies making the shift to more sustainable packaging when:

- A new product launch requires new packaging
- Regulations are forcing change
- Customers (consumers) are demanding it
- Current packaging isn’t sufficient, or they are looking for better performance packaging.”



Jim Lassiter
Vice President & General Manager
Sonoco ThermoSafe

“We are evaluating and focused now, but this is a perfect reflection of my comment earlier; we want to move forward, but in pharma, compliance and transformation takes time.”



David Ruiz
Head of Digital SC Strategy & Execution
MSD



Chapter Three

Carbon Footprint and Beyond: Strategies for Emission Reduction and Compensation



As the urgency to reduce CO₂ emissions becomes increasingly apparent, the pursuit of ambitious sustainability goals comes with a tangible price tag. Respondents to our survey revealed their assigned monetary value for saving 1 tonne of CO₂e within their supply chains. The results showcased a diverse range of values, spanning from EUR 45 to EUR 95. Notably, some supply chain leaders are working closely with their ESG teams to precisely calculate this figure.

Incentives drive change forward. By assigning a monetary value to CO₂e, pharmaceutical organisations can track where they reduce their footprint and reassign department budgets based on reductions. By giving CO₂ a price, organisations can actively look for products that reduce their carbon emissions and reap the benefits of newer, greener solutions.

Furthermore, discussions in many countries revolve around the substantial costs associated with disposing of one-way shipping solutions. Our respondents were asked about their projected average cost to dispose of a pallet shipper box in 2025, and the vast majority (81%) revealed their cost to be EUR 250 per box.

Opting for reusable shipping solutions offers an opportunity to lower cost distributions while also targeting customers' carbon footprint in drug delivery.

The pharmaceutical industry understands sustainability is a formidable battle and there is no exact blueprint that will work for every organisation. The top sustainability goals for our respondents for 2024 include, 'reducing air logistics in favour of maritime logistics' and ensuring 'better emissions control' along with 'achieving more SDGs'.

Our research shows the industry is taking bold strides towards a greener and more sustainable future. As companies actively pursue their goals and commit to environmentally responsible practices, they are not only paving the way for a healthier planet but also nurturing healthier communities.



Incentives drive change forward. By assigning a monetary value to CO₂e, pharmaceutical organisations can track where they reduce their footprint and reassign department budgets based on reductions. **By giving CO₂ a price, organisations can actively look for products that reduce their carbon emissions and reap the benefits of newer, greener solutions.**

We asked our respondents what their organisation’s top sustainability goal is for 2024. Here is what they told us:

“Becoming more data-centric in our approach to sustainability will be our main goal for the next year.”

“Advancing our SDGs is our top priority for 2024.”

“Significantly reducing air logistics and increasing maritime logistics is our biggest goal for 2024.”

“We are looking to add more talent to support our sustainability management.”

“Increasing resource efficiency by including more digital solutions to support the accuracy of production which will eventually support emission reduction.”

“Improving recycling procedures is our main sustainability goal for 2024.”



“We see a clear distinction between laggards and leaders in the sustainability transformation. The best-in-class pharma companies see the cost impact coming and are adjusting their total cost models to include the cost of CO₂.”

The good news is the path to CO₂ neutrality in the pharma supply chain is cheaper than everyone thinks for the overall organisation – but it will require changes to the supply chain setup, measurement and incentives.”



Richard Ettl
CEO
SkyCell

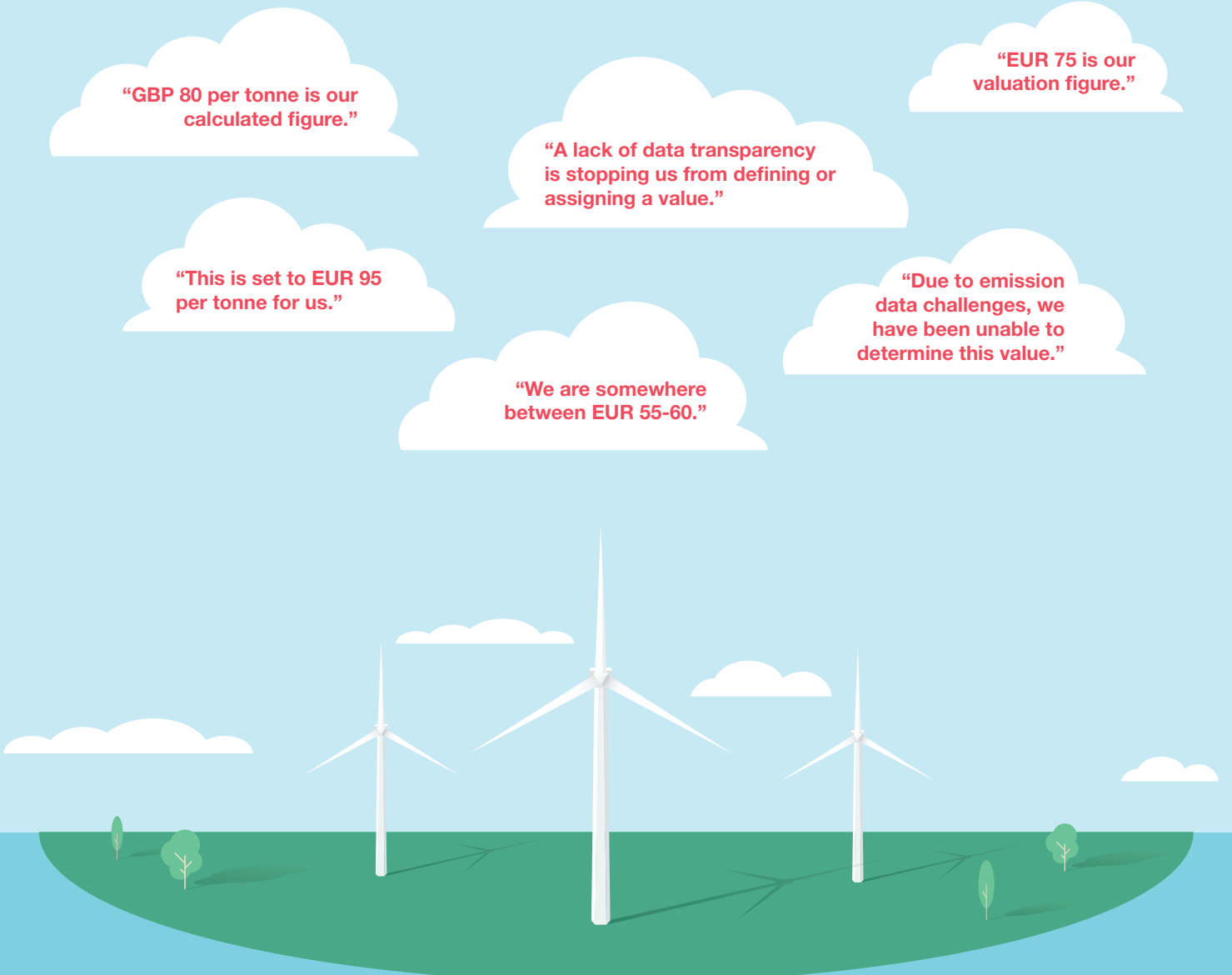
“It is so great to see such a wide range of priorities for 2024. For us, we are focusing on turning air freight into maritime. This is something we have spent a lot of time and energy doing, partly for cost but we are thrilled to see the sustainability benefits paying off.”

Notably, I think it is good to see respondents becoming more data-centric alongside increasing resource efficiency through more digital solutions. Using new and innovative technology that will prevent a waste of resources and help increase business value.”



Ciarán Forken
EMEA Fulfillment Optimisation Director
Baxter International Inc.

We asked our respondents what the assigned monetary value, if any, for one tonne of CO₂e saved in their organisation’s supply chain. We received a promising selection of values:



“GBP 80 per tonne is our calculated figure.”

“EUR 75 is our valuation figure.”

“A lack of data transparency is stopping us from defining or assigning a value.”

“This is set to EUR 95 per tonne for us.”

“Due to emission data challenges, we have been unable to determine this value.”

“We are somewhere between EUR 55-60.”

“By setting a price on CO₂, one-third of the companies have already demonstrated true industry leadership and are anticipating the rising costs of future CO₂ offsetting and disposal. Today, it costs USD 800 to remove one tonne of CO₂ from the air. As shown in the survey, the price of prevention is eight times cheaper than removing CO₂ emissions. Similar to our healthcare industry, prevention is a lot cheaper than long-term treatment.”


 **Richard Ettl**
CEO
SkyCell

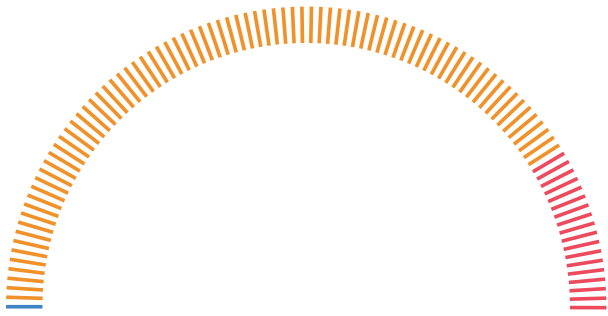
“I am not surprised to see such a varied response and I expected to see a similar range between EUR 50-100 so that is good to see. I think it needs to become more of a KPI but is not as well-known by leaders today. This question has made me think about my organisation and how we can calculate an assigned value.”

 **Ciarán Forken**
EMEA Fulfillment Optimisation Director
Baxter International Inc.

“It is great to see the range of values that respondents have given; it sounds realistic.”

I think this process is definitely evolving and we will have a different metric in a few years. For now, there is a correlation between the dollars we save in our supply chain and the CO₂ emissions, but this correlation will start to fade when low hanging fruit is harvested.”

 **David Ruiz**
Head of Digital SC Strategy & Execution
MSD



What is your projected average cost to dispose of a pallet shipper box in 2025?

■ EUR 0	1%
■ EUR 250	81%
■ EUR 500	18%
■ EUR 750	0%
■ EUR 1000	0%



"99% of respondents show that the price to dispose of single-use packaging will be between EUR 250 and 500. Pharmaceutical companies will soon be paying millions of euros for disposal alone. A cost that can easily be avoided today by switching to reusable pharma containers. Therefore, the switch makes sense both economically and environmentally."

 **Nico Ros**
CTO
SkyCell

"For this result, an exact number would be hard for me to say but I can tell you for sure that our packaging and packing is very expensive. This is why we have deployed reusable packing materials because it is economically and environmentally viable at the moment."

 **David Ruiz**
Head of Digital SC Strategy & Execution
MSD

Conclusion

Companies across the industry are facing increased scrutiny when it comes to tackling sustainability challenges. Regulations are changing, expectations are rising, and supply chain leaders are all looking for the right blueprints for driving sustainability forward. Foundational transformation is inevitable, but pharmaceutical companies are in a unique position as they must consider the patient and continue to meet crucial safety standards.

The United Nations Sustainability Development Goals (UN SDGs) are not just a KPI to measure against, they are a set of core values - a global call to action for the earth and its people. For now, most pharma leaders can say their supply chain is only 'somewhat sustainable' when it comes to the UN SDGs. However, developing more defined KPIs will help the shift away from ambitious actions to ones that are measurable.

Pharmaceutical packaging material has an undeniable significance in protecting medicine during transportation for patient use. Heads of supply chain have revealed that they are still a few years away from their thermal packaging decisions being impacted by sustainability targets despite the waste their current packaging produces. To reduce this time, the industry needs to understand its current CO₂ impact and overcome a fear of change within their organisations.

Elsewhere, respondents are assigning a range of monetary values for one tonne of CO₂e saved in their organisations' supply chain. Having these processes in place provides a great incentive for organisations to reduce their carbon levels and drive forward net zero goals. However, eyes are still very much fixed on the future, and pharmaceutical leaders have clear, set goals such as meeting more SDGs and adopting more maritime logistics over air freight.



Key Suggestions

- 1

The UN SDGs are helping pharmaceutical leaders take a proactive approach and set definitive targets to drive forward a greener future. However, this is not possible without global communication and collaboration from all stakeholders, including governments, suppliers and individuals. Closing the gap will require flexibility from pharmaceutical companies where possible and the continuation of setting realistic short-term goals.
- 2

Organisations keen to embed sustainability goals will inevitably face resistance from stakeholders and employees who are afraid of change. To overcome this, heads of supply chain should focus on the benefits of sustainability. This can be achieved by focusing on the social and environmental drivers, listening to customers and getting buy-in from senior staff.
- 3

Pharmaceutical leaders should be promoting top initiatives that have the largest decarbonisation impact per Euro spent to ensure a swift and financially sustainable transition. The incentives drawn from monetising carbon will only grow and the shift to low carbon will accelerate faster.
- 4

To support the evolution of sustainable thermal packaging, a combination of different elements that reduce carbon emissions can be used to tackle the high risk level. Assessing the options, paying attention to the testing process and understanding organisational impact are crucial steps to take. Pharmaceutical leaders will reap the benefits both environmentally and economically.

About EFESO



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Marc Evrard, CSL Vifor

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