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Sustainability trends, challenges and emerging practices in the Life Sciences sector

May 2026



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Executive summary



Executive summary: EY analysis of sustainability strategy, product and supply chain in the Life Sciences sector

Background and objective: The EY team conducted a sustainability landscape and benchmarking analysis through a combination of desktop research and interviews with life sciences companies to assess trends, challenges and emerging industry practices in strategy, reporting, product innovation and supply chain.

Key industry trends and drivers

Sustainability-driven demands in EU national procurement plans	Emergence of digital technologies to support rising requirements	Increasing regulatory pressure and customer expectations
- Most European countries are introducing national procurement plans that increasingly include sustainability-related requirements, impacting life science companies' commercial access plans in the EU. - These government initiatives are intended to support state and local authorities to drive sustainable purchasing by incorporating lifecycle and embedded carbon criteria. - Additional European countries will consider upcoming procurement requirements related to product carbon footprint (PCF), such as Norway, Sweden, Germany and Spain.	- Life sciences organizations may need scalable digital solutions to address rising PCF requests, regulatory complexity, enterprise reporting and informed decarbonization strategies. - The shift toward personalized medicine is accelerating demand for digital and AI¹-enabled tools to support product development and market research.	- As ISSB² standard adoption continues across the sector, key EU sustainability regulations (e.g., CSRD³, EU Taxonomy⁴, CSDDD⁵, EUDR⁶) are nearing finalization, requiring companies to accelerate readiness efforts. - US state-level regulations and global assurance standards are gaining momentum as US federal climate disclosure rules are paused. - Across key global markets, customers are demanding increased transparency and access to sustainability data to meet their own reporting obligations.

Our research provides meaningful insights to:

Strategy	Reporting	Product innovation	Supply chain
All benchmarked companies have a defined sustainability strategy and set targets to keep themselves accountable but have different organizational structures at the board level to support initiatives.	Companies vary in report format, with some shifting to shorter ESG ⁷ or impact reports and adopting "sustainability" language over ESG due to political sensitivities, especially in the US.	Companies are integrating sustainability into R&D and product design to support regulatory compliance, protect market access and respond to growing expectations around PCFs.	Companies are embedding sustainability and human rights into procurement and supply chain practices, using digital tools and supplier engagement.

Sources and acronyms:
1. Artificial intelligence
2. International Sustainability Standards Board
3. Corporate Sustainability Reporting Directive
4. European Union Taxonomy
5. Corporate Sustainability Due Diligence Directive
6. European Union Deforestation Regulation
7. Environmental, social, governance



2

Landscape and benchmarking methodology

Today's evolving landscape prompts companies to prioritize resilience, sustainability and stakeholder value

Key insights

In response to regulatory complexity, a changing political environment and rising market tensions, life sciences companies are integrating sustainability into business value, creating resilience in their supply chains, supporting stakeholder interest and expanding horizons in green chemistry.

Evolving requirements related to sustainability:¹ - European health systems commonly have public procurement requirements which play a critical role in market access. Across major European markets (e.g., France, Norway, Sweden, the UK, Spain and Germany), mandatory sustainability data is increasingly required, making PCFs a potential barrier to entry. - Reporting timelines for key EU sustainability regulations, including CSRD, EU Taxonomy, CSDDD and EUDR, are approaching finalization, with requirements being streamlined to reduce compliance complexity. - Rise in ISSB adoption: as of September 2025, more than 35 jurisdictions worldwide have adopted, or are in the process of adopting, sustainability reporting standards based on ISSB standards. US state-level sustainability regulations are expanding, led by California's SB 253 and SB 261, which mandate climate risk and emissions reporting. However, CARB (the California Air Resources Board) has delayed rulemaking due to legal challenges and a high volume of public comments.	Changing political and economic landscape in the US: Growing political polarization is affecting public trust in medical expertise and discouraging healthy behaviors, including vaccination. - Current administration policy is to scale back increased sustainability efforts (e.g., recession of the greenhouse gas endangerment finding²) and diversity, equity and inclusion (DEI) initiatives that gained momentum in the previous administration. - Changes in Food and Drug Administration (FDA) leadership and staff reductions are influencing drug approvals, diagnostics oversight and AI integration in healthcare.³ Mergers and acquisitions (M&A) activity is rising but skewed toward smaller, strategic acquisitions rather than megadeals, reflecting risk mitigation and cost control.⁴ - Over \$300 billion in drug sales face patent expirations between 2026-2030, pressuring margins and fueling portfolio optimization and dealmaking strategies.⁵ - Despite political headwinds, investor demand for ESG transparency remains strong.⁶	Market uncertainty and supply chain disruptions: Chemical supply chains are under strain due to disruptions caused by geopolitical instability, raw material shortages and climate-related impacts to geographical transportation. Inflationary pressures and fluctuating interest rates are affecting investment decisions for expanding health and life sciences initiatives. - Despite the administration's push to lower drug costs through most-favored nation (MFN) agreements and the upcoming TrumpRx platform, pharmaceutical companies are still raising list prices for 350+ branded drugs in 2026.⁷ Patient access is expected to improve only in narrow categories – mainly select high-spend drugs benefiting from targeted price-lowering programs – while broader access remains constrained by rising costs, drug shortages, shifting policies and the continued expansion of high-priced specialty and innovative therapies.^{8,9}
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What are companies emphasizing in their approach to sustainability?

Focusing on business value	Resilient supply chain:	Prioritizing stakeholders:	Green chemistry:
Companies increasingly recognize sustainability as a business resilience and cost-efficiency tool rather than a purely regulatory obligation. Companies that embed it into strategy can make better decisions and build competitiveness that lasts beyond any single regulatory cycle.	Leading companies are adopting dual sourcing, regionalization and inventory buffers to mitigate risks from geopolitical tensions and material shortages. ¹⁰	Companies are engaging patients, regulators and advocacy groups earlier in the drug development cycle, fostering transparency and collaboration to accelerate approvals and improve trust. ¹¹	There is a growing movement toward developing more sustainable manufacturing processes to reduce the environmental impact of pharmaceuticals and other products. ^{11,12}

Sources:

1. EY, "What do shifting sustainability regulations mean for business?".

2. "Final Rule: Rescission of the Greenhouse Gas Endangerment Finding and Motor Vehicle Greenhouse Gas Emission Standards Under the Clean Air Act", EPA website (epa.gov/regulations-emissions-vehicles-and-engine/final-rule-rescission-greenhouse-gas-endangerment-rule-summary), accessed April 27, 2026.

3. Rich, Matthew, "Navigating the FDA disruption: 4 key actions for pharma", PwC website (pwc.com/us/en/industries/health-industries/library/fda-disruption-implications-for-pharma.html), May 8, 2025.

4. EY Biotech Beyond Borders Report 2025.

5. Negi, Namrita, et al, "Trends shaping biopharma in 2025", Deloitte website (deloitte.com/us/en/industries/life-sciences/health-care/blogs/health-care/trends-shaping-biopharma.html), July 10, 2025.

6. EY, "How can investors balance short-term demands with long-term value?".

7. EY, "Why the Trump pharma import investigation is pivotal for supply chains".

8. "National Drug Shortages: January 2001-December 2025", ASHP website, accessed February 24, 2026.

9. Steinzor, Pearl, "How Trump's Trade Policy Could Raise Costs, Deepen Drug Shortages", AJMC website (ajmc.com/view/how-trumps-trade-policy-could-raise-costs-deepen-drug-shortages), November 14, 2025.

10. Foster, Tacy, et al, "Four ways pharma companies can make their supply chains more resilient", McKinsey & Company website (mckinsey.com/industries/life-sciences/our-insights/four-ways-pharma-companies-can-make-their-supply-chains-more-resilient), September 23, 2021.

11. Alvaro, Ph.D, David, "From Patients to Partners: The Rising Power of Advocacy in Drug Development", Pharma's Almanac website (pharmasalmanac.com/articles/from-patients-to-partners-the-rising-power-of-advocacy-in-drug-development), March 13, 2025.

12. "United States Environmental Protection Agency, "Green Chemistry Challenge: 2024 Greener Synthetic Pathways Award".

13. "Developing sustainable medicines: A green chemistry innovation story", Boehringer Ingelheim website (boehringer-ingelheim.com/science-innovation/human-health-innovation/science-stories/advancing-green-chemistry-more-sustainable-medicines), accessed February 24, 2026.



Approach for benchmarking

Benchmarking overview

The research conducted primarily from September to December 2025 highlights how organizations in the Life Sciences sector are implementing sustainability as a driver of business value, sustainability governance and reporting practices, and product innovation and supply chain strategies. The following methodology was used to conduct the benchmarking:

Company selection	Types of public sources referenced
A total of 18 companies were selected for the benchmarking analysis. The selection spanned diverse subsectors of the Health and Life Sciences sector, sizes, geographies and operational models to create a wide-ranging industry perspective. The subsectors covered included Biotechnology, Life Sciences Tools and Services, Medical Devices and Instruments, and Pharmaceuticals.	Benchmarking desktop analysis was performed by assessing publicly available information from: - Company websites - Sustainability reports 10-Ks and annual reports - Stand-alone reports related to sustainability

Benchmarking criteria

Benchmarking criteria were developed focusing on the following categories:

Strategy	Reporting	Product innovation	Supply chain
- Analyzed companies' sustainability strategies to assess whether they are integrated into the overall business mission and vision. In addition, examined the structure of their frameworks, identifying which environmental, social or governance pillars are driving the strategy and what goals have been set. - Analyzed governance structures, sustainability oversight, risk management and leadership accountability mechanisms.	Analyzed companies' reporting formats and how they have evolved over the past few years.	Assessed companies' product innovation strategies, including whether they apply sustainable design principles, use sustainable materials, incorporate sustainability into R&D, engage in green chemistry partnerships, adopt sustainable packaging and conduct lifecycle assessments.	- Assessed companies' procurement and supply chain due diligence practices. - Analyzed the disclosure of Scope 3 greenhouse gas emissions and supplier engagement strategies.

Interview-based insights

As part of the methodology, the EY team conducted verbal discussions with select life sciences organizations from October 2025 to January 2026. These discussions highlighted companies' ambition to: - Remaining committed to sustainability while shifting toward a more cautious, compliance-driven posture. - Prioritizing regulatory alignment, high-quality and verifiable data, and practical, scalable innovation over ambitious public commitments or extensive, narrative-driven reporting.

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Benchmarking results



Companies have implemented detailed sustainability strategies, supported by dedicated leadership oversight

Key benchmarking results

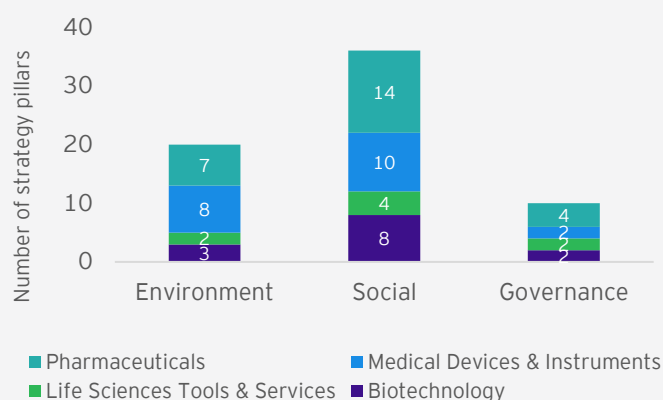
Strategy: All companies have a defined sustainability strategy, but only 33% fully integrate it into their core business strategy, mission and vision. This highlights a gap between ambition and execution. Companies should actively embed sustainability in their vision, mission and strategic priorities in order to align sustainability priorities across leadership and operations.

Governance and accountability: Board-level sustainability oversight is well established, and risk processes are advancing, but few companies have mechanisms in place to hold leadership more accountable for tracking and delivering on sustainability performance. Without clear accountability, sustainability goals risk becoming symbolic rather than operational.

Strategy themes and takeaways

- Companies continue to prioritize **social strategies** and commitments, such as access to **healthcare**, **patient health** and **employee wellbeing**, over environmental and governance commitments.
- Sustainable innovation**, focused on innovating products to promote circular economy and reducing environmental impact, is commonly leveraged by companies to support their strategy as it **enables regulatory compliance**, **cost efficiency** and **brand differentiation** in response to increasing environmental expectations and resource constraints.
- Innovation is evolving beyond pure technological progress, as companies focus on **creating solutions that deliver social inclusion and environmental impact** alongside business value.

Strategy pillars¹ (E, S and G) by industry



1. Companies' public commitments are mapped to environmental, social or governance pillars based on their related topics.

Governance and accountability themes and takeaways

100%

of benchmarked companies have **board-level supervision for sustainability issues**.

Sustainability has evolved into a business imperative; it's embedded at the highest governance level across all peers.

72%

of benchmarked companies **integrate sustainability into enterprise risk management**.

Most companies see sustainability as a material risk factor, not just a reputational issue. Companies are increasingly including sustainability risks, especially climate-related, alongside financial, operational and compliance risks in their Enterprise Risk Management (ERM) frameworks.

44%

of benchmarked companies have **mechanisms in place to hold leadership accountable for sustainability progress**.

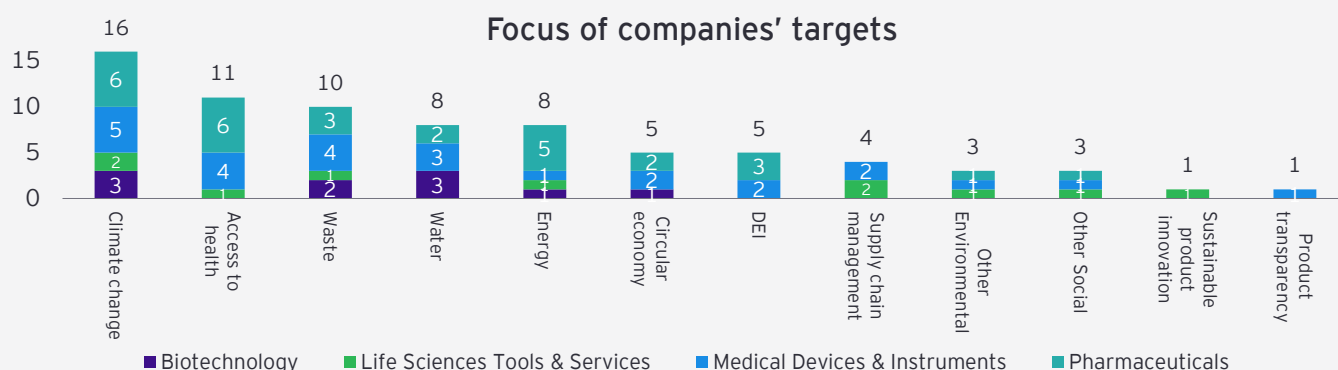
Companies typically incentivize leadership through annual cash or performance-based bonuses. These incentives are structured around ESG or sustainability scorecards, which include specific measurable goals, most commonly greenhouse gas (GHG) emissions reduction, social impact or broader ESG performance indicators.

Companies are setting sustainability goals to drive execution with a focus on climate action and health access

Key benchmarking results

Focus of targets: Life sciences companies set the most sustainability goals around environmental topics because these areas are highly visible, measurable and closely tied to regulatory compliance and stakeholder expectations.

Level of ambition for targets: Companies have set ambitious goals featuring short time frames with a high level of effort required to achieve the target goal. A high level of ambition was most common among climate-related areas such as emissions reduction across operations and the value chain, as well as in expanding health access. Life sciences companies have remained committed to their ambition, disclosure transparency, third-party verification (via Science Based Targets initiative (SBTi)) and investment in targets related to reducing emissions and improving access to health.

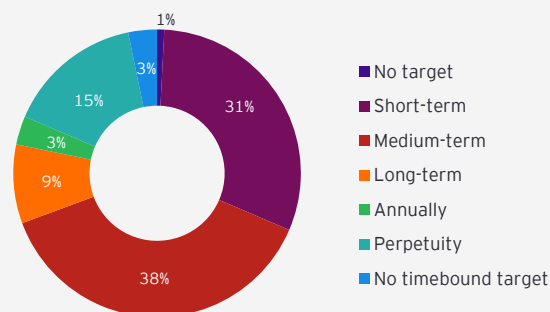


- 16 out of 18 benchmarked companies have established **climate-related targets**, with nearly all setting absolute Scope 1 and 2 reduction goals, typically aiming to **cut operational emissions by around 50% by 2030**. In contrast, **Scope 3 targets are less common and less aggressive**: only about 33% of companies have **absolute Scope 3 reduction goals**, while roughly 39% address value chain emissions through **supplier engagement targets** rather than direct reduction commitments.
- All industries except Biotechnology have set targets related to access to health, with most targets focused on **expanding access to medicine and vaccines**.
- None of the benchmarked companies rolled back ESG goals compared to the prior year; most targets were maintained or strengthened, and two companies added new disclosures on **emissions reduction, net-zero commitments and SBTi alignment**.

Target-setting trends

- Almost **70%** of disclosed targets have **short- to medium-term time frames**, which indicates a focus on driving tangible progress within a defined planning horizon and maintaining accountability through measurable milestones.
- Leaders set targets across a **broad range of ESG topics**, **obtain validation** by SBTi, use **quantitative KPIs**, include clear interim milestones and **report progress transparently** through dashboards and data tables.
- Laggards focus narrowly on climate, rely on **qualitative statements** and lack measurable KPIs, milestones or clear progress reporting, making accountability harder to assess.

Target time frames¹



1. Target timeframes are categorized as short-term (less than 5 years), medium-term (5–10 years), and long-term (more than 10 years).

LS companies are strong on setting ambitious, science-based climate targets but weak on transition planning

Key benchmarking results

Climate-related targets and a cautious SBTi approach: While climate-related targets are well-established, there is a notable lack of disclosure around climate transition planning among benchmarked companies. As requirements evolve, some companies interviewed have paused or retired targets while others are prioritizing regulatory requirement alignment, such as ISSB and CSRD. At the same time, investor interest in SBTi remains strong, and many companies continue to require suppliers set aligned targets.

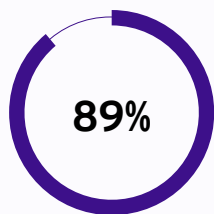
Climate transition plans are still largely unpublished: Where transition plans exist, benchmarked companies typically outline steps for decarbonization, energy transition and supply chain engagement, but sector-wide adoption is still emerging. Most interviewed companies are drafting a climate transition plan, but only a small number of companies have finalized and published an internally approved plan.

Interview-based insights

Companies are staying the course: many interviewed companies are maintaining their environmental and social initiatives but adopting more cautious messaging and scaling back public target disclosure to minimize scrutiny.

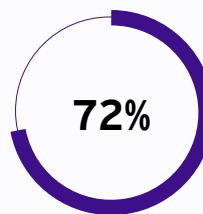
Benchmarking insights

Do the benchmarked companies publicly disclose climate-related targets, and are these targets validated by the SBTi?



Of the benchmarked companies have **established climate-related targets**.

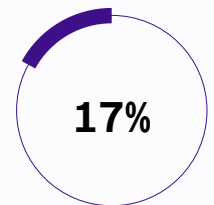
- Most companies commit to 30%-55% reduction in Scope 1 and 2 emissions by 2030.
- Some include Scope 3 reductions, though coverage varies.



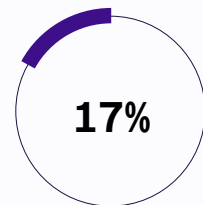
Of the benchmarked companies have **SBTi-validated targets**.

- This shows strong alignment with science-based climate goals.
- One company has removed its SBTi commitment since prior year.

Do the benchmarked companies have a climate transition plan in place?



Of the benchmarked companies have a **formal, published global climate transition plan in place**.



Of the benchmarked companies explicitly state they are developing a **climate transition plan within the next two years**.

Reporting is evolving, with a shift toward concise, data-driven and framework-aligned disclosures

Key benchmarking results

Report format: Sustainability reports vary in length and format. Some companies maintain comprehensive sustainability reports, while others have shifted to shorter, visually engaging reports.

Terminology: Companies are switching from **ESG** terminology to **sustainability**, as “sustainability” is viewed as clearer and less politicized. This shift helps organizations emphasize long-term environmental and social impact without the baggage of terminology that has attracted debate in certain markets.

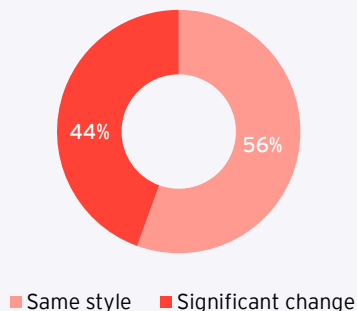
Interview-based insights

Future outlook: A lack of interoperability and shifting timelines of mandatory regulations are creating uncertainty. Organizations are using this transition period to begin aligning with regulatory reporting, such as CSRD and EU Taxonomy, working toward full alignment by the time the regulations take effect.

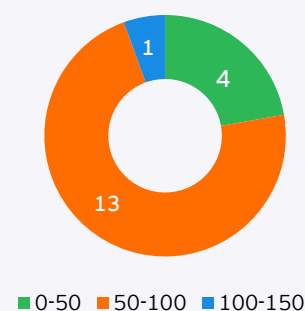
Raters and rankers are still a priority: Despite regulatory shifts, raters and rankers influence disclosure decisions. Companies are cautious about dropping disclosures that impact rankings, even if not required by regulated disclosure frameworks.

Benchmarking insights

Reporting style from previous year



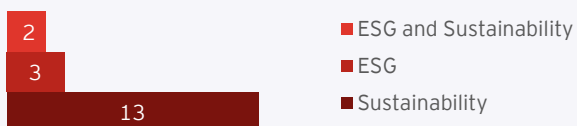
Sustainability report length (page)



- About **56%** of companies maintained the **same reporting style as the previous year**, while 44% made significant changes (e.g., shorter reports, new frameworks or more focused disclosures).
- Increasing trend toward **data-driven reporting** with dashboards, KPIs and progress tables rather than narrative-heavy documents, indicating stakeholders increasingly want clear, measurable and comparable data.
- 11 out of 18 companies have **reduced the length of their sustainability reports**, with one company shifting from a formal Corporate Social Responsibility (CSR) report to a CSR website with a data summary, index and a short environment-focused report. This indicates a broader shift toward more accessible, efficient and targeted sustainability communication.

How companies reference sustainability vs. ESG

Sustainability vs. ESG



- “Sustainability” is the primary term found in public disclosures, potentially due to the increasing politicization surrounding ESG in the US.
- Some companies use “ESG” and “sustainability” terms interchangeably.

Sustainability and product innovation are intertwined

Key benchmarking results

Product innovation: Benchmarked companies are increasingly prioritizing product innovation through sustainability, with many integrating sustainable design principles and embedding sustainability considerations into their R&D.

Interview-based insights

Rise of circular economy principles: Nearly all interviewed companies are advancing packaging innovation, reducing Polyvinyl chloride (PVC) and polystyrene and increasing recyclability, though recognizing progress is limited by lab safety requirements.

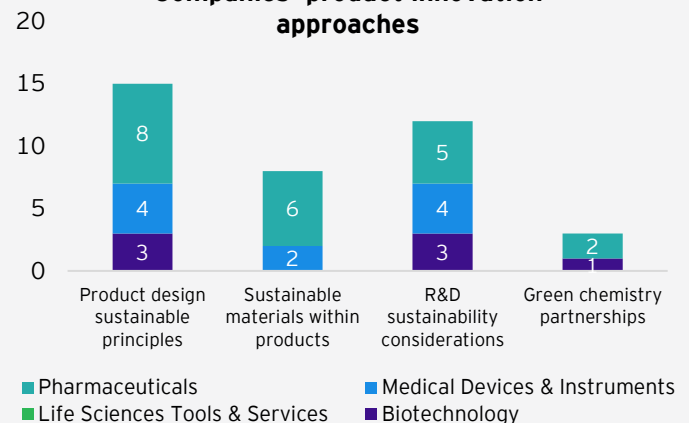
Increasing R&D involvement in products: Companies are increasingly engaging their R&D teams to advance understanding of green chemistry and water usage in products, though this remains a longer-term strategic effort.

Benchmarking insights

Areas of focus for integrated sustainability innovation

- Pharmaceutical companies are embedding sustainability earlier in product design through standardized, science-based assessments leveraging PAS 2090¹ to enable consistent product-level life cycle and carbon footprint evaluations, supporting informed eco-design and improved environmental performance across medicines.
- Companies in the Medical Devices & Instruments industry stand out in **sustainable material commitments in R&D**, indicating a focus on material innovation and substitution.
- Green chemistry partnerships are the least developed across all sectors**, with only three leading companies involved. This signals a major opportunity for growth and collaboration, as many companies may lack the specialized knowledge and expertise needed to understand and apply green chemistry principles effectively.

Companies' product innovation approaches



89%

of benchmarked companies have established sustainable principles in product design.

Companies have identified sustainable innovation in products, technology and services as a driver for efficiency and growth.

72%

of benchmarked companies incorporate sustainability considerations into R&D investment decisions.

By integrating sustainability principles within the R&D process, companies are not viewing sustainability as just a compliance or marketing issue but rather as a strategic factor in how the company allocates its innovation budget.

Source:

1. PAS 2090 is a newly released framework developed by British Standards Institution (BSI) with pharmaceutical industry stakeholders to establish harmonized product category rules for environmental life cycle assessment. Source: PAS 2090:2025 | BSI.

Sustainable packaging is leading the way in advancing sustainable product innovation

Key benchmarking results

Sustainable product and packaging design: Most of the benchmarked companies have implemented sustainable packaging initiatives. However, half of the companies have not yet conducted lifecycle assessments (LCAs) for their products.

Interview-based insights

Product carbon footprint is a near-term strategic focus: Nearly all interviewed companies value LCAs, yet few use them systematically or as inputs into key decisions. Many are prioritizing PCFs in the near term in response to emerging regulations, specifically across Europe, viewing them as more actionable for portfolio management while also leading to the demand for more digital solutions.

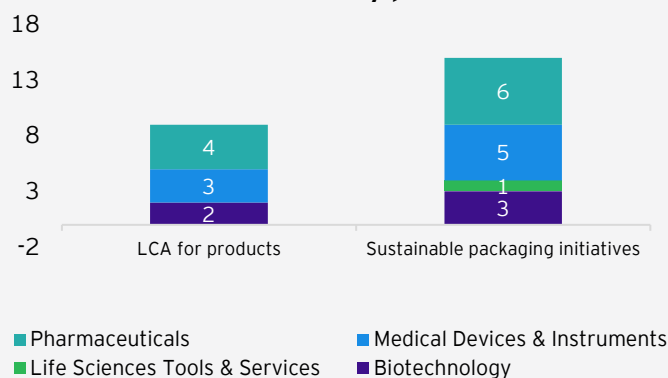
Sustainable packaging is gaining importance across markets and regions, driven by growing customer and market demand for sustainable alternatives, PCF transparency and circular packaging solutions. In parallel, pharmaceutical companies are moving from ad-hoc initiatives to standardized, product-level environmental assessment, enabled by PAS 2090's science-based LCA and carbon footprint framework.

Benchmarking insights

Areas of focus for circular economy practices

- 9 out of 18 companies conduct LCAs for products, suggesting barriers such as limited data availability, high costs and insufficient internal processes may be contributing to why only half of the companies are currently performing LCAs.
- 15 out of 18 benchmarked companies have **sustainable packaging programs** in place. These programs are well-established given that packaging sits at the intersection of waste reduction, carbon reduction and circularity goals. These aspects are operationally controllable.
- Companies in the Pharmaceuticals industry are leading in both** conducting LCA for products and in sustainable packaging initiatives.

Circular economy practices



LCA

- LCAs are being used both **retrospectively** (to evaluate product and end-of-life impacts and to estimate footprints) and **strategically** (to inform innovation, risk mitigation and resource efficiency).
- Most companies conduct LCAs on **select products** rather than across their entire portfolio, indicating a limited scope in evaluating product-level sustainability.

Sustainable packaging

- 6 out of 18 companies are **replacing single-use packaging** with durable and reusable systems.
- 6 out of 18 companies are **exploring bio-based plastics, low-carbon aluminum and recyclable alternatives**.
- Due to the restrictions and complexity involved in product design, sustainable packaging is often considered a quick win, as it allows companies to demonstrate environmental progress with fewer regulatory hurdles and faster implementation timelines.

Sustainability and due diligence are becoming core elements of supply chain and procurement strategies

Key benchmarking results

Procurement: Following a risk-based approach, companies are increasingly embedding sustainability criteria into procurement decisions by prioritizing suppliers who support sustainability goals to better address upstream emissions. These mechanisms are mostly applied to Tier 1 suppliers, with some companies extending them to Tier 2 as well.

Supply chain due diligence: Companies are focused on enabling supplier advancement through more rigorous supply chain due diligence practices coupled with capability building and collaborative initiatives.

Interview-based insights

Human rights and due diligence: human rights compliance remains a strong focus, driven not only by regulations but also by the rising reputational risk of gaps in ethical sourcing and labor practices.

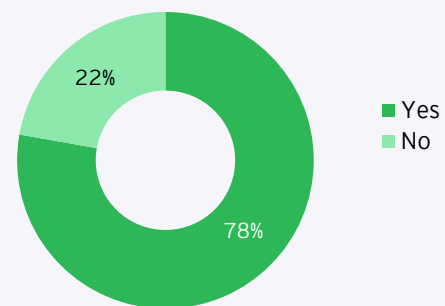
Data and technology for Scope 3: Companies are attempting to leverage technology platforms, risk-mapping tools (e.g., Everstream), and S&P modeling for Scope 3 data.

Benchmarking insights

Procurement strategy

- For 14 out of 18 companies, sustainability-related criteria are being embedded into procurement and contracting processes.
- Procurement teams are increasingly incorporating supplier sustainability performance into selection criteria.
- GHG emissions, waste management, and plastics reduction are the most common sustainability metrics evaluated in procurement decisions.

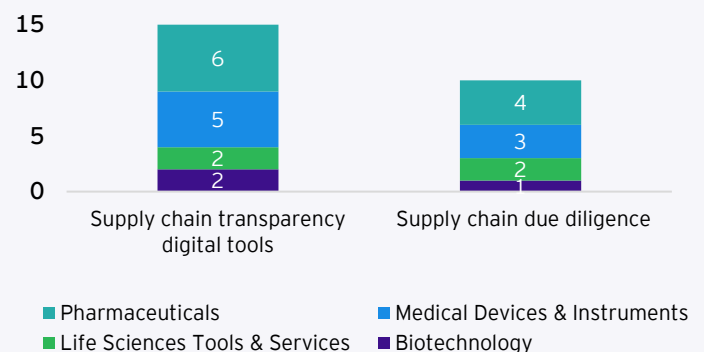
Do companies integrate sustainability criteria in procurement decisions?



Areas of focus for circular economy practices

- 15 out of 18 companies report using digital tools to enhance supply chain transparency.
- EcoVadis has become a widely used standard tool across benchmarked companies for supplier ESG assessments, training, and data collection.
- 10 out of 18 companies disclose implementing risk-based supply chain due diligence measures that address sustainability and/or human rights considerations.
- Companies anchor their due diligence frameworks and systems in established global norms (e.g., SA 8000, Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct).

Supply chain transparency and due diligence

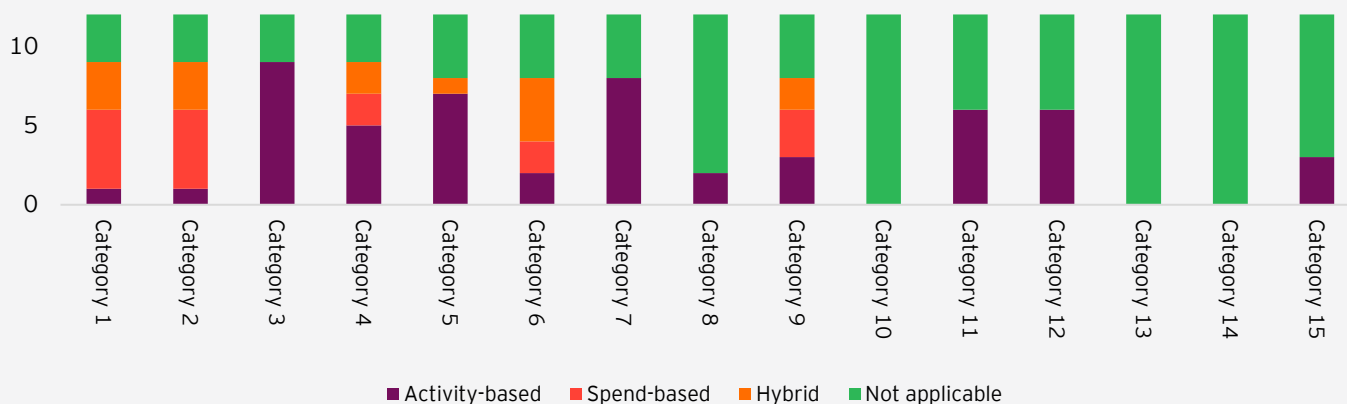


Companies identified that most emissions come from upstream and are engaging suppliers to reduce them

Key benchmarking results

Scope 3 emissions: Scope 3 emissions are the largest source of emissions across all assessed sub-industries and remain an obstacle for decarbonization and net zero progress due to companies having minimal control over their value chain emissions. Companies are increasingly engaging suppliers to reduce these emissions through education, collaboration, and climate target-setting.

Scope 3: Calculation approach by category



- **Categories 1** (Purchased Goods & Services) and **Category 2** (Capital Goods) **rely on spend-based methods** due to limited supplier emissions data and difficulty obtaining product-level activity data across complex supply chains—indicating reliance on financial proxies where the value chain is opaque.
- **Activity-based methods dominate in Category 3** (Fuel- and Energy-related Activities) and **Category 7** (Employee Commuting), reflecting more precise use of internal activity data.

Supplier engagement

89%

of benchmarked companies have **supplier engagement programs for encouraging and supporting emissions reduction.**

Category 1 (Purchased Goods and Services) is a major emissions hotspot, and companies recognize the need to engage suppliers to reduce it. They are doing so by educating, empowering, and partnering with suppliers to address systemic challenges like renewable energy access and emissions tracking.

28%

of benchmarked companies provide **incentives for suppliers to set climate targets.**

While only 28% offer direct incentives, non-financial motivators, such as recognition awards, access to renewable energy programs, and supplier finance facilitation are emerging as effective ways to build long-term engagement and accelerate climate action.

4

Conclusion



Leading companies are maintaining momentum on **strategic** priorities while prioritizing regulatory readiness

As regulatory expectations and transparency demands intensify, leading life sciences companies are embedding sustainability into core strategy and operations. Sustainability-driven procurement requirements across Europe are reshaping EU market access, with PCF expectations emerging in markets such as Norway, Sweden, Germany and Spain, driving accelerated climate action, supply chain engagement and sustainable product innovation.

Key takeaways

1	2	3
Embed sustainability into core business strategy and governance	Prioritize climate action supported by supply chain engagement	Accelerate sustainable product innovation
▪ There is a clear gap between ambition and execution, as many LS companies continue to treat sustainability in silos rather than embedding it into overall strategy. ▪ Sustainability is treated as a material business risk, incorporated into ERM and overseen at the board level. ▪ Companies are moving from narrative commitments toward clear accountable mechanisms.	▪ Nearly all companies set Scope 1 and 2 targets, often validated by SBTi; however, transition plans remain underdeveloped or unpublished. ▪ Scope 3 emissions are the largest challenge, requiring stronger supplier engagement, data transparency and incentives. ▪ Companies are increasingly embedding sustainability criteria into procurements, leveraging digital tools (e.g., EcoVadis).	▪ Procurement requirements play a critical role in European market access, making PCFs and LCAs a potential barrier to entry and digital solutions critical to manage expectations. ▪ Many companies apply sustainable product design principles and integrate sustainability into R&D investment decisions. ▪ Sustainable packaging is the most mature innovation area.



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The EY Climate Change and Sustainability Services (CCaSS) Health and Life Sciences sector team helps organizations navigate growing regulatory and customer sustainability expectations while strengthening long-term business value. We support life sciences and healthcare companies with regulatory reporting, product stewardship and digital solutions such as product carbon footprints and lifecycle assessments. By combining deep sector knowledge with assurance-ready reporting and scalable technology, we help clients improve governance, data quality and regulatory confidence across global markets.



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