

OPEN LETTER ON SUPPLIER TARGETS FROM MEMBERS OF THE SUSTAINABLE MARKETS INITIATIVE HEALTH SYSTEMS TASK FORCE

Dear Supplier,

The climate crisis is one of the most urgent risks to global health. The science is clear: there is a rise in non-communicable and infectious diseases due to climate change, with seven million people dying prematurely each year from air pollution alone. At the same time, the healthcare sector contributes approximately 5% of global greenhouse gas emissions, with around half of this footprint coming from healthcare supply chains.

Joint action at scale is needed to move the needle. Driven by this urgency, we, as the global leaders of seven global biopharmaceutical companies, have united with the World Health Organization (WHO) and key public sector partners through the Sustainable Markets Initiative, to accelerate the transition to net zero, patient-centric health systems. As a partner to the WHO-led [Alliance for Transformative Action on Climate and Health](#) (ATACH), we also aim to share our knowledge, experience and positive contribution with ATACH partners and over 70 countries worldwide.

Healthcare supply chains must become greener, more efficient and circular. We must work across the value chain to decarbonise operations and do all we can to move away from fossil-fuelled heat and power. Having launched a set of [core commitments](#) at COP27, we are scaling our impact above and beyond the actions we are taking within our own organisations. As part of this, we have set [joint, minimum climate and sustainability targets](#) for suppliers which aim to address emissions across the value chain and reduce the complexity of multiple asks.

These joint, minimum supplier targets are as follows¹:

- Assess and disclose Scope 1, 2, and 3 emissions² by 2025
- By 2025, commit to set near-term targets aligned with the 1.5 degree pathway (SBTi)
- By 2025, set targets to reduce waste (including solvents) and energy and reuse materials in manufacturing
- Commit to switch to at least 80% renewable power³ by 2030 and make commitment public
- By 2030, explore options to source green heat
- Transport suppliers to make SBTi-aligned commitments by 2025 and include green transportation solutions in their core offering by 2030
- Commit to set standards for own suppliers
- Set targets to increase water efficiency and commit to adopt water stewardship standards

As a valued partner, we urge you to sign up to these targets as a minimum and share them onwards across your network. Shifting to net zero, climate resilient health systems cannot be achieved in siloes. We must collaborate, across the sector and across borders, to secure a healthier tomorrow.

Sincerely,

Lars Fruergaard Jørgensen
CEO, Novo Nordisk

Belén Garijo
CEO, Merck

Paul Hudson
CEO, Sanofi

John Rim
CEO, Samsung Biologics

Severin Schwan
Chairman, Roche

Pascal Soriot
CEO, AstraZeneca

Emma Walmsley
CEO, GSK

1. These supplier targets apply only to suppliers of the healthcare business of each private sector member. In cases where our organisations have more stringent requirements than those laid out here, the more stringent requirement takes precedence; 2. All of scope 1 & 2, and 3.1, 3.2, 3.3 & 3.4; 3. Excluding nuclear, and for biofuels, ensuring that feedstock meets sustainability criteria (including having low LULUCF emissions). Target may vary by market based on local market constraints
Note: This letter is issued in compliance with relevant anti-trust and competition law considerations



Decoding Supplier Targets: What Pharmaceutical Suppliers Must Know to Stay Competitive



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What is the *Open Letter* *on Supplier Targets?*

What is the *Open Letter on Supplier Targets*?

- CEOs of AstraZeneca, GSK, Merck, Novo Nordisk, Sanofi, Samsung Biologics, and the Chairman of Roche have signed an Open Letter urging suppliers to meet joint, minimum climate and sustainability targets.
- The letter emphasizes the urgent need for pharmaceutical suppliers to create more efficient and circular supply chains by:
 - Reducing emissions and waste
 - Setting science-based targets
 - Improving manufacturing operations
 - Driving sustainability in your own supply chain

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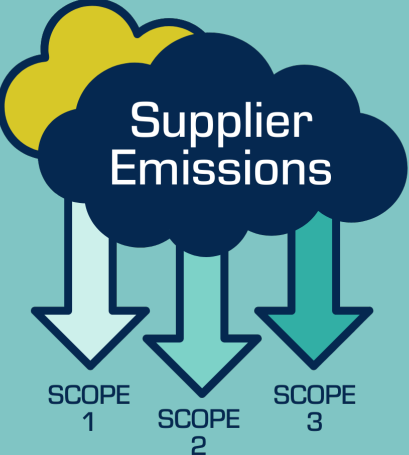
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Decoding the Supplier Targets



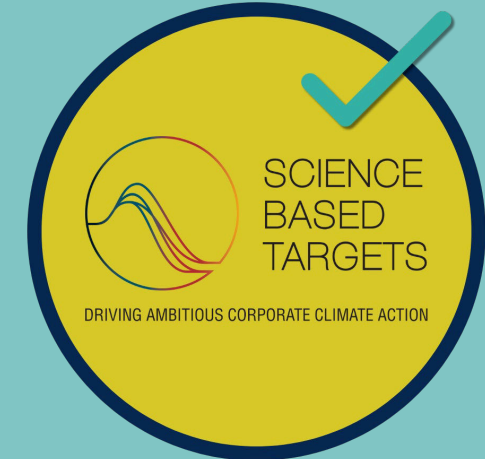
Disclose and Reduce Emissions

Suppliers must **assess and disclose Scope 1, 2, and 3 emissions**. This includes emissions generated directly from:

- Equipment and vehicles owned and controlled by a company that burn some type of fuel - **Scope 1**
- Utilities purchased by a company - **Scope 2**
- Supply chain activities - **Scope 3**

Set Science-based Targets

Suppliers are expected to **commit to near-term emissions reduction targets aligned with the 1.5°C pathway**, following the Science Based Targets initiative (SBTi).

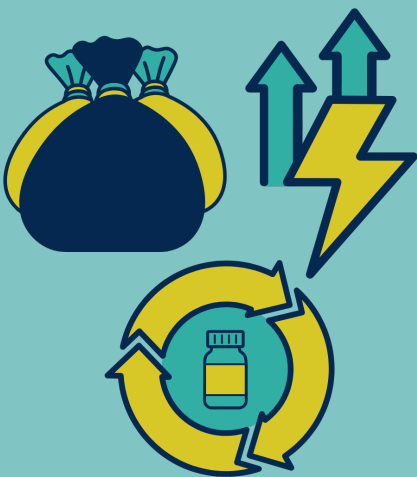


Decoding the Supplier Targets

Reduce Waste and Improve Resource Efficiency in Manufacturing

Suppliers are expected to **reduce waste**, particularly solvents, and **improve energy efficiency in manufacturing**.

Additionally, they are encouraged to adopt a **circular economy approach**, reusing materials wherever possible to minimize environmental impact.



Commit to Renewable Energy

Suppliers must commit to **source at least 80% renewable energy by 2030**.





Explore Green Heat Solutions

By 2030, suppliers should begin **exploring options for sourcing green heat**, a vital step for decarbonizing energy-intensive processes.

Plan for Sustainable Transportation

Transport suppliers must **make SBTi-aligned commitments by 2025** and ensure **green transportation solutions** are part of their core offerings by 2030. Suppliers can achieve this by prioritizing electric or low-emission vehicles, route optimization, and utilizing sustainable product innovation methodology to maximize cargo space and reduce weight.



Decoding the Supplier Targets

Improve Water Efficiency

Suppliers are expected to **reduce waste**, particularly solvents, and **improve energy efficiency in manufacturing**.

Additionally, they are encouraged to adopt a **circular economy approach**, reusing materials wherever possible to minimize environmental impact.



Drive Sustainability in Your Own Supply Chain

Suppliers must commit to **source at least 80% renewable energy by 2030**.





Opportunity vs Obligation

HOW TO STAY COMPETITIVE

Obligation vs Opportunity: How to Stay Competitive

For businesses in the pharmaceutical supply chain, complying with these targets is more than a regulatory obligation, it's a **competitive opportunity**.

Clients increasingly expect transparency and sustainability from their partners, and companies that proactively align with these standards will **gain a market advantage and increase profit**.

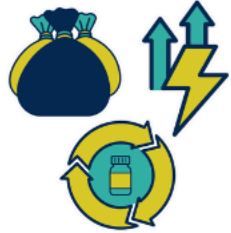
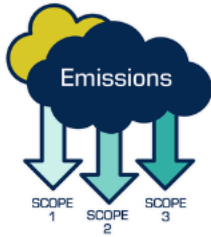


Early compliance and collaboration can not only strengthen relationships with major industry players but also help mitigate future regulatory risks and associated costs.



Feeling overwhelmed? **We've got your back.**

Our experts will meet you where you are and develop a customized roadmap to help your company meet all of these requirements, gain competitive advantage, and increase profit.



Emissions Disclosure & Reporting

Science-based Targets

Waste Reduction & Manufacturing Efficiencies

Renewable Energy Strategy

Green Heat Solutions

Sustainable Transportation Plans

Water Efficiency Improvements

Supply Chain Sustainability

SSC SERVICE

Sustainability Action Plans



Scope 3 Training Academy Procurement Teams



Scope 3 Training Academy Suppliers



Greenhouse Gas (GHG) Emissions Accounting

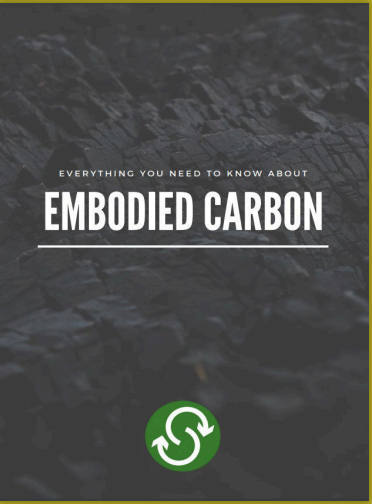
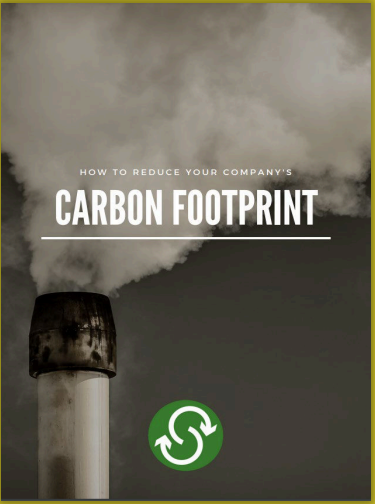
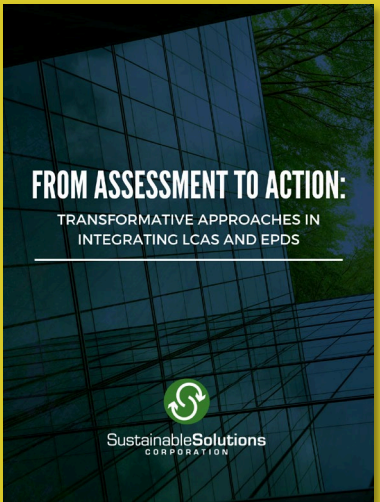
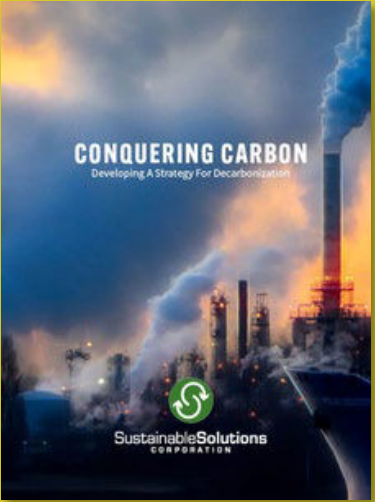


Resources

Podcast Episodes



White Papers





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