



2024 Corporate Sustainability Performance in the Biotechnologies & Pharmaceutical sector



2024 Corporate Sustainability Performance

Biotechnologies & Pharmaceuticals

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Executive summary

This report provides a detailed analysis of the sustainability performance of 86 European companies in the Biotechnologies & Pharmaceuticals sector, based on EthiFinance's ESG Ratings assessment conducted in 2024 with data reported for fiscal year 2023. The study highlights key trends and findings on the sector's most material aspects across the four sustainability pillars—Environmental, Social, Governance, and External Stakeholders, offering insights into progress and challenges in sustainable practices.

Key findings

Sustainability landscape in Biotechnologies & Pharmaceuticals: Steady progress, with room for improvement toward top sustainability

The 2024 ESG Ratings reflect a generally moderate but steadily improving sustainability performance across the Biotechnologies & Pharmaceuticals sector, with 70% of companies scoring between 31 and 70 points on a scale between 0 and 100.

1. **Small company leadership:** More than half of the top-rated firms in 2024 have fewer than 250 employees, suggesting that smaller companies may be more agile in adapting quickly to changes and embracing new sustainable practices.
2. **Country comparison:** The ranking of top-performing companies shows no prominent dominance by any specific European region. However, among the six most represented countries, Denmark stands out with the highest average sustainability score, while Switzerland demonstrated the most significant improvement over the last three years.

ESG Pillar performance: Governance leads while social aspects lag behind

Governance remains the strongest-performing ESG pillar since 2022, while social aspects are currently the least developed. Meanwhile, the Environmental pillar has seen the most notable progress over the past three years, underscoring a growing awareness and action on environmental issues.

Environmental Challenges and Opportunities

- **Climate Action:** While 77% of companies have initiated steps to reduce GHG emissions, only 9% have climate targets validated by the Science-Based Targets initiative (SBTi), suggesting a need for more rigorous commitments.
- **Scope 3 Emissions:** The sector's carbon footprint is dominated by Scope 3 emissions, yet only 52% of companies report on these, compared to 67% in other industries, highlighting a need for improved emissions accountability.
- **Water and Waste Management:** With 49% of companies implementing water management measures, this is a relative strength in the sector. However, waste management transparency remains low, with only half of companies disclosing waste data.

Governance and Ethical Standards

Business Ethics and governance is a key topic for the pharmaceutical sector. While most companies have codes of conduct and anti-corruption policies in place, employee training on these standards lags behind other sectors: Only 41% of employees receive anti-corruption training. Governance issues accounted for 37% of sector controversies, emphasizing the need for strengthened business ethics practices.

Product Responsibility and Customer Engagement

Although 66% of companies have quality management systems in place, only 20% have conducted customer satisfaction surveys, compared to 43% in other sectors. This indicates a need for greater focus on customer relationships and product responsibility, crucial in an industry with direct public health implications.

Controversy Analysis

The sector saw a 17% controversy involvement rate, with social issues representing 57% of these incidents, primarily concerning product safety and deceptive marketing practices. Product safety remains a critical area, with notable legal cases raising concerns about the sector's responsibility toward consumer protection.

Opportunities for Improvement

While companies in the Biotechnologies & Pharmaceuticals sector are making progress in sustainability, there remain significant areas for improvement, particularly in biodiversity, engagement with customer and civil society relationships, product responsibility, and comprehensive emissions reporting. Addressing these areas can strengthen the sector's ESG performance and reduce exposure to social and governance controversies.

Sector overview

This report presents the current sustainability performance of European listed companies in the Biotechnologies & Pharmaceuticals sector, as rated by EthiFinance ESG Ratings in. Our analysis covers **86 companies** specializing in genetic analysis and engineering, pharmaceutical research, development, and production, as well as those providing essential tools, services, and supplies for the pharmaceutical industry.

The 2024 evaluation is based on data and information provided by these companies for the fiscal year 2023, with comparisons to the results of the two previous ESG ratings updates. The companies evaluated are categorized by region and company size¹. The distribution is as follows:

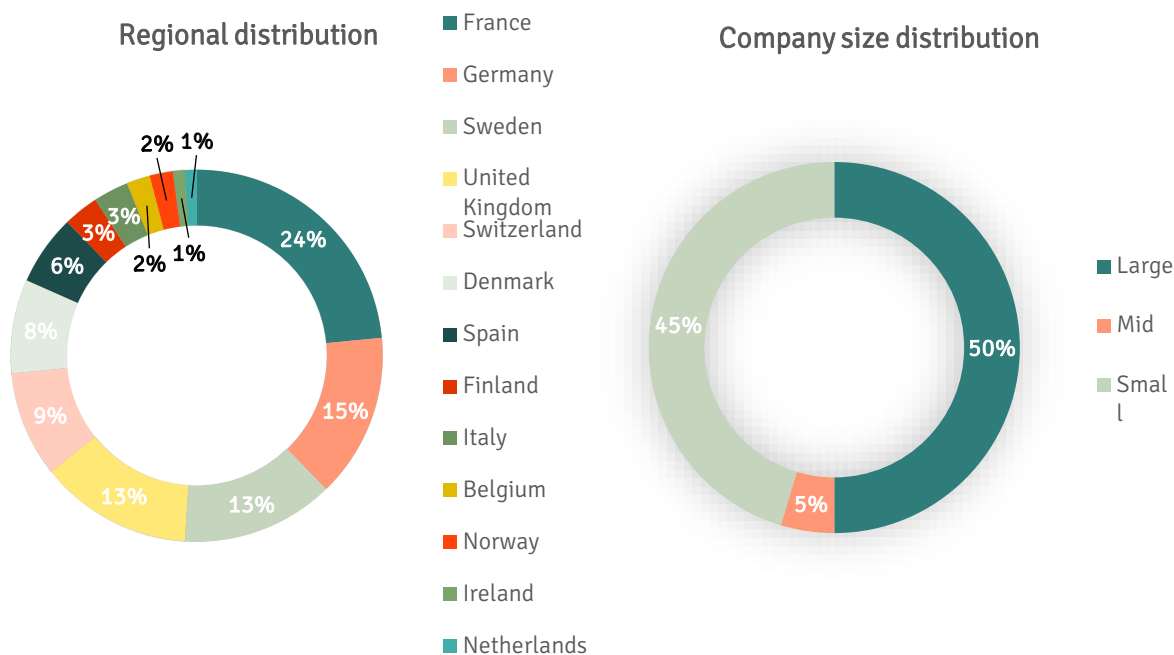


Chart 1: 2024 EthiFinance ESG Ratings analysis in the Biotechnologies & Pharmaceuticals sector: region and companies size distribution

¹ The size of companies is classified based on their number of employees at the end of 2023 (measured in full-time equivalents [FTE]):

- Large companies: 500 or more employees.
- Mid-sized companies: Between 250 and 499 employees.
- Small companies: Fewer than 250 employees.

FTE standardizes part-time and full-time roles for accurate headcount comparison.

Overall Sector Sustainability Performance

Steady progress, with room for improvement toward top sustainability

In 2024, most companies in the Biotechnologies & Pharmaceuticals sector fall within the mid-score ranges, specifically, 70% scored between 31-70 points reflecting moderate sustainability performance. This indicates that while many companies are making progress toward their sustainability goals and have solid ESG practices, there is still room for improvement.

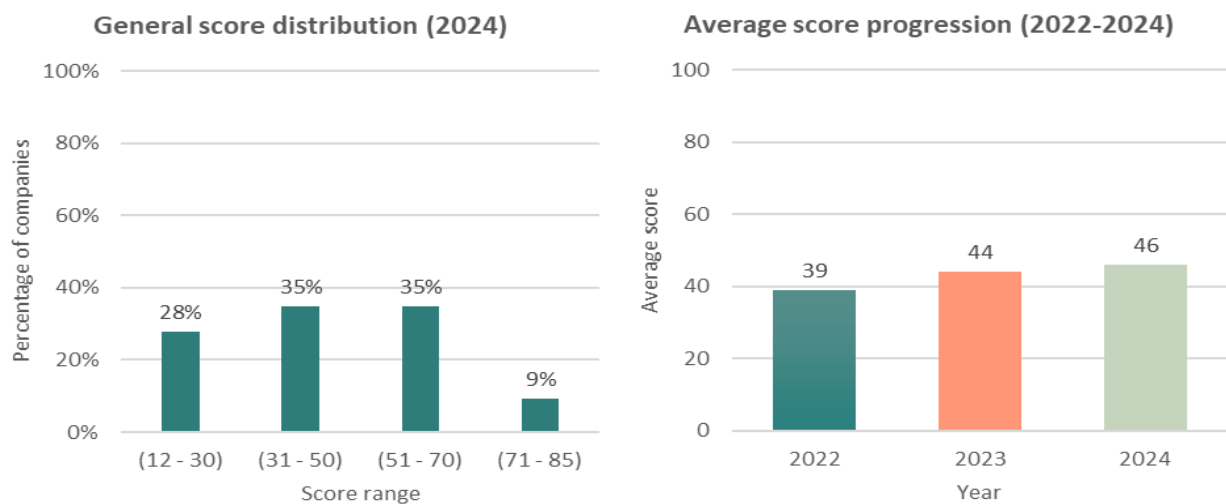


Chart 2: 2024 ESG Ratings distribution of overall scores and general scores progression in the Biotechnologies & Pharmaceuticals sector

Company Ranking

Wide regional diversity among the top performers and leadership of small companies

The 2024 sustainability ranking for the Biotechnologies & Pharmaceuticals sector illustrates a dynamic landscape with diverse country representation and a significant presence of smaller companies among top performers. Seven different countries are represented in the top 11 performers, highlighting that sustainability leadership is not confined to specific regions, even including countries with lower average ESG scores, such as Germany and Switzerland.

Additionally, over half of the top-rated firms are small companies, with the top four having fewer than 250 employees. This trend suggests that smaller companies may be more agile in adopting sustainable practices, while larger firms, despite their resources, might face complexities or slower transitions in aligning their operations with sustainability goals.

Company	2024 Score	Country	Company size
BenevolentAI S.A.	85	UK	Small
Camurus AB	83	Sweden	Small
Inventiva	78	France	Small
Genfit	74	France	Small
Euroapi	74	France	Large
Siegfried Holding AG	73	Switzerland	Large
OSE Immunotherapeutics	73	France	Small
Almirall SA	72	Spain	large
Biogaia AB	68	Sweden	Small
Gerresheimer	67	Germany	Large
Recordati Industria Chimica e Farmaceutica S.p.A.	67	Italy	Large

Table 1: 2024 ESG Ratings company ranking

Regional Comparison

Denmark leads sustainability in Biotech & Pharma, while Switzerland demonstrates its commitment with the biggest progress.

This section evaluates and compares the average sustainability scores of companies in the Biotechnologies & Pharmaceuticals sector across six countries: France, Germany, Sweden, United Kingdom, Switzerland, and Denmark. These countries represent 80% of the total companies assessed. By focusing on the most represented countries, we ensure a more accurate comparison, avoiding distortions that could arise from including underrepresented countries with only one or two companies.

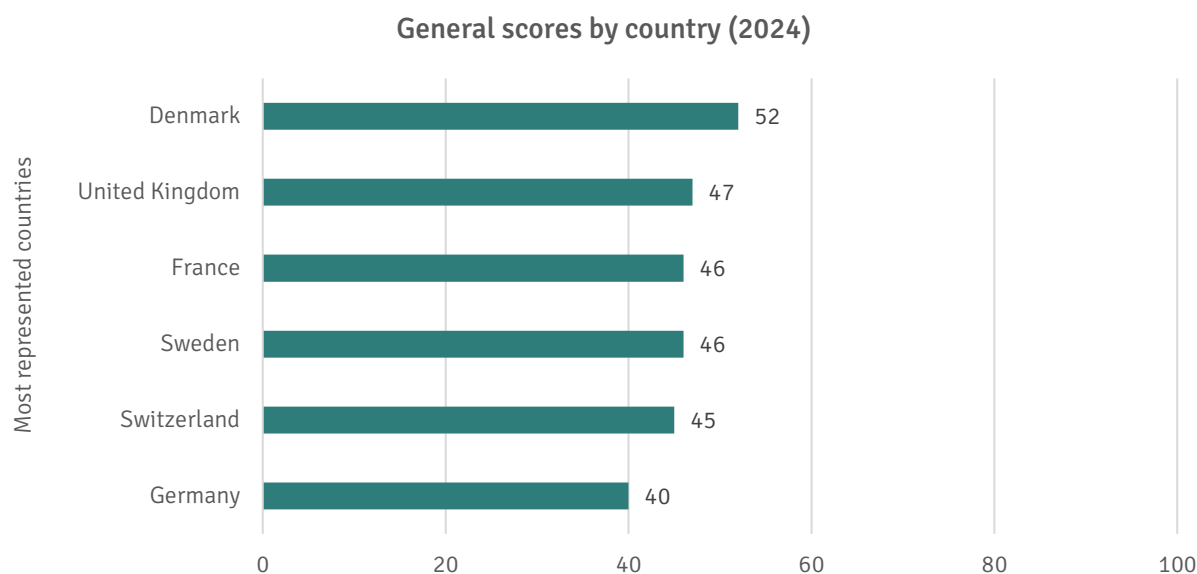


Chart 3: 2024 ESG Ratings average scores of most represented countries in the Biotechnologies & Pharmaceuticals sector

Regarding the evolution of these countries' average scores from 2022 to 2024, over this period, the general trend for all six countries has been relatively stable, with Switzerland and Denmark showing the greatest improvements in the last two years, with their average scores increasing by 13 and 10 points, respectively.

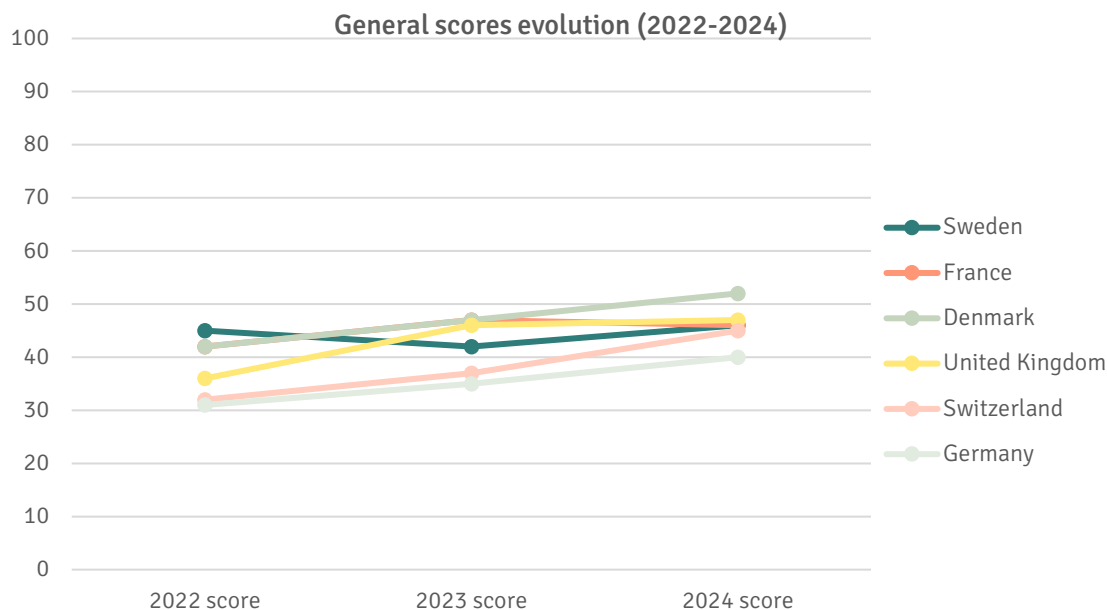


Chart 4: Annual progression of average scores of most represented countries in the Biotechnologies & Pharmaceuticals sector

Controversies Analysis

Social and Governance issues at the forefront

ESG controversies refer to significant incidents related to environmental, social, or governance aspects that can impact a company's reputation or operational integrity. In 2024, the Biotechnology & Pharmaceuticals sector presented a 17% Controversy Involvement Rate, meaning that 17% of the companies in the sector were exposed to ESG-related controversies. However, the average severity rating for these controversies was 2.6/5, indicating that most incidents were of limited concern, and only one, related to product safety issues, reached the highest levels of severity (5).

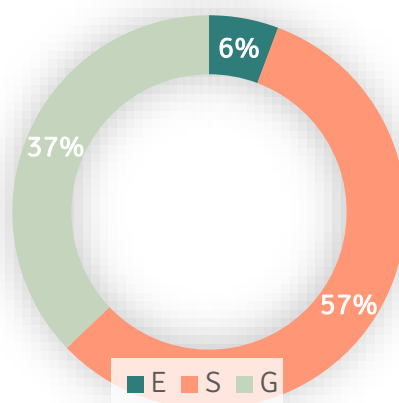


Chart 7: 2024 Controversy rate in the Biotechnologies & Pharmaceuticals sector by ESG pillar

Types of controversies by ESG pillar: Most of the controversies relate to social issues (**57%**), which is often expected in the Biotechnology & Pharmaceuticals sector, given the potential impacts of this industry on public health, safety, and marketing practices. Governance issues account for **37%** of the controversies, while environmental controversies represent just **6%**.

Nature of controversies: Chart 8 ranks the specific themes of relevant controversies (those with a severity level of 3 or higher) by their frequency. Notably, the most frequent topic was **product safety**, with 11 relevant controversies identified in 2024. This is particularly relevant because product safety is a key concern in the pharmaceutical industry, where safety failures can have serious public health consequences. Most of these controversies involved companies from Germany and the UK.

Following product safety, the most recurrent topics were **deceptive commercial, marketing, or advertising practices**, which involved only UK companies, and **lack of transparency in financial and non-financial communication**, which affected French companies.

As for environmental issues, there was only one relevant topic in 2024: **water pollution**, which involved only German companies.

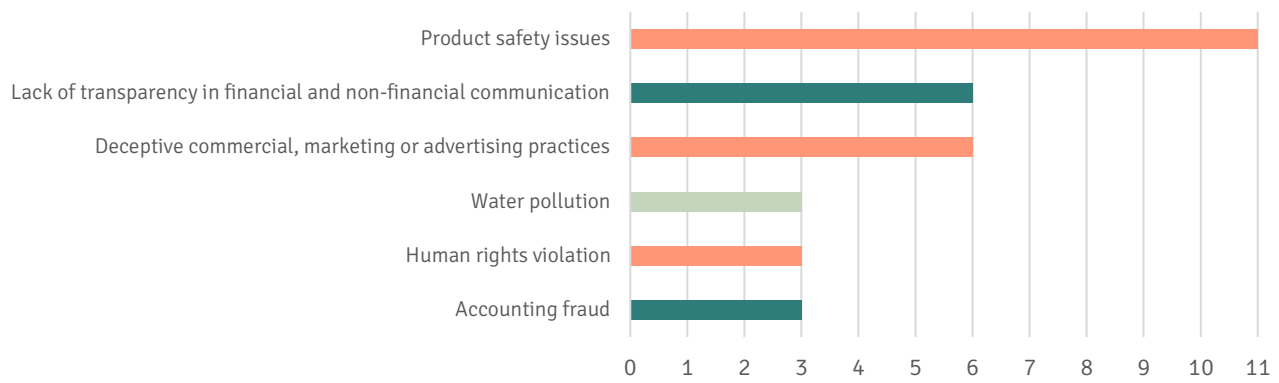


Chart 8: 2024 most controversial themes in the Biotechnologies & Pharmaceuticals sector

Sector Sustainability Performance by ESG Pillar and Topics

Sector Sustainability Performance by Key ESG Pillar

Overall scores have consistently improved across all four ESG (including External Stakeholder) pillars. Moreover, in line with the general trend across all economic sectors, as presented in [EthiFinance's Corporate Sustainability Performance report 2023](#), the **Governance** pillar presented the strongest performance area year on year, with a remarkable 8-point growth since 2022. In contrast, the **Social** pillar lags behind, being the weakest area since 2022, with only a 5-point increase over this period. Meanwhile, the **Environmental** pillar has shown the most significant progress, gaining 10 points since 2022, highlighting the growing influence of environmental impact among companies in the sector.

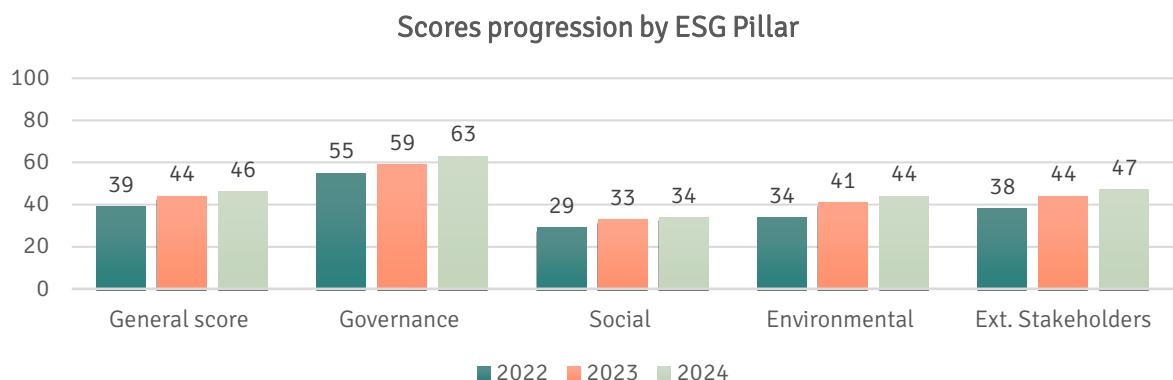


Chart 5: Annual average ESG pillar scores progression in the Biotechnologies & Pharmaceuticals sector

A closer look at key ESG aspects

The Biotechnologies & Pharmaceuticals sector's most material aspects lie in its significant energy demands, environmental footprint, and responsibility toward health and safety. Core areas such as **GHG emissions**, **waste and water management**, **biodiversity**, **business ethics**, and **product responsibility** directly impact operational sustainability and represent the primary financial risks and opportunities for the sector.

Overall, our analysis by topic presents good performance in some areas, and opportunities for improvement in others: Business ethics stand out as the highest scoring aspect, with an average score of 60/100. Companies are making steady progress in Environmental sustainability, demonstrating moderate performance with scores of around 50/100 in Energy and Greenhouse gases, Waste management, and Water management. However, biodiversity remains a lagging issue, in line with trends seen across other sectors. Additionally, Relationships with customers, civil society, and product responsibility also indicate clear opportunities for improvement, with average scores of 21/100. This highlights a valuable chance for renewed focus and commitment to these critical areas moving forward.

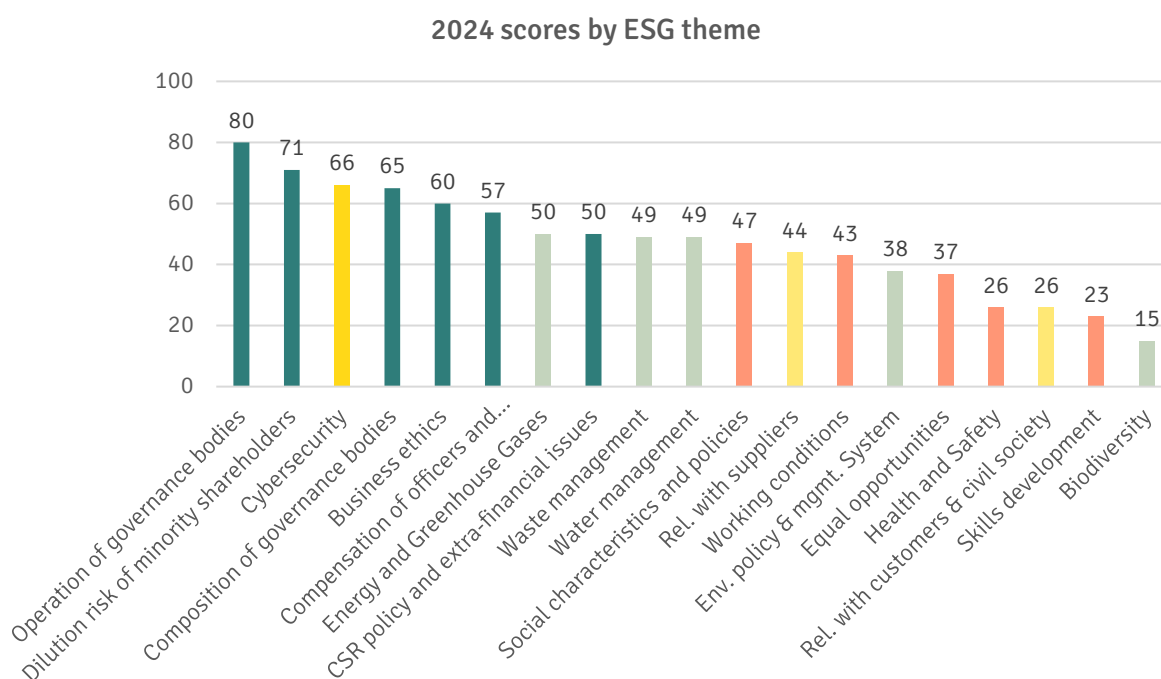


Chart 6: 2024 ESG Ratings average scores in the Biotechnologies & Pharmaceuticals sector by ESG theme

In the following paragraphs, we present our findings for the sector's key sustainability topics.

Environment

Climate action: Initiatives in place with opportunities for further target setting and enhanced energy performance

In the Biotechnologies & Pharmaceuticals sector energy consumption is a critical concern, as manufacturing processes such as preheating, filtering, and dehumidifying air lead to energy costs that are 50-60% higher than in other industrial sectors. The sector faces a significant challenge in decarbonization, as implementing effective energy strategies often requires complex adjustments to operations and supply chains. Given the extensive energy demands at various stages of the value chain, it is essential to set ambitious climate targets, enhance energy efficiency, and implement robust emissions reduction strategies to achieve environmental sustainability.

- 35% of evaluated companies in the Biotechnologies & Pharmaceuticals sector have set quantitative climate targets, but only 9% have had these targets validated by the Science-Based Targets initiative (SBTi). In comparison, 54% of companies across other sectors have set quantitative targets, highlighting a need for the Biotechnologies & Pharmaceuticals sector to enhance its commitment to climate action.
- Encouragingly, 77% of companies in this sector have implemented specific actions to reduce GHG emissions and energy consumption.
- Additionally, 24% of companies reported conducting an energy audit over the last three years, compared to the average of 35% across the rest of the sectors. Given the critical importance of energy consumption in the sector, it suggests that Biotechnologies & Pharmaceuticals companies must continue to strengthen their commitment to advancing energy efficiency efforts.

Energy and GHG emissions: Significant Scope 3 impact and opportunity for improvement in emission accountability and reporting

In most industries, Scope 3 emissions are significantly larger than the combined total of Scopes 1 and 2, and the Biotechnologies & Pharmaceuticals sector is no exception. In this sector, Scope 3 emissions dominate, particularly those related to purchased goods and services - such as chemicals and packaging -, capital goods, upstream and downstream transportation and distribution - involving refrigerants and the cold chain, and the use of products - such as fluorinated gases used as propellants in pressurized metered-dose inhalers.

- In 2023, 52% of companies in the Biotechnologies & Pharmaceuticals sector reported their Scope 3 emissions, which accounted for 88% of the total tCO₂e reported by these companies. This emphasizes the significant emissions impact stemming from supply chain activities. However, this reporting rate is lower than the 67% observed in other sectors, highlighting a critical area for improvement in emissions accountability related to the most relevant emission spots for the sector.
- Reporting on Scope 1 and 2 emissions, which encompass both direct and indirect emissions from energy use, stands at 60% for the Biotechnologies & Pharmaceuticals sector, compared to 76% reported in other sectors. This comparatively lower rate of GHG emissions reporting highlights both a gap and a significant opportunity for growth in comprehensive emissions accountability across the industry.

Water management: Strong commitment to water resource management and monitoring priority substance discharges

Managing water resources is a pressing concern in the Biotechnologies & Pharmaceuticals sector, as it is essential to protect aquatic ecosystems from pharmaceutical pollution. Residual pharmaceutical compounds can enter water systems through both direct and indirect discharges, posing risks to ecosystems and public health.

- 49% of companies have implemented facilities and initiatives focused on water treatment, reuse, or recycling to mitigate environmental impacts, which is significantly higher than the 31% reported by companies in other sectors.
- Despite this, only 15% of companies disclosed water discharge data in 2023, suggesting a need for greater transparency and commitment to reducing pollutant releases.

Waste management: Lack of transparency on waste generated, but action plans are in place

Waste management is another key aspect of the Biotechnologies and Pharmaceuticals industry, given the large volumes generated during production. Effective management practices, including the establishment of measurable waste reduction targets, are essential to minimize the sector's environmental impacts.

- In 2023, only 50% of companies reported the amount of waste they generated, highlighting a need for better waste disclosure. This figure is considerably lower than the 80% reporting rate among other sectors, indicating that there is significant room for improvement in waste transparency.
- However, 76% of companies have demonstrated proactive waste management plans, although only 12% have set quantifiable reduction targets, which is comparable to 15% in the broader sector.

These figures suggest that there is clear awareness and concern within the sector regarding waste minimization. Yet, there is still a need to further strengthen companies' commitment with more concrete actions aimed at minimizing the environmental impact of waste in the sector.

Biodiversity: Towards greater understanding and impact assessment in sensitive areas

The relevance of biodiversity for companies in the Biotechnologies & Pharmaceuticals sector stems from their significant dependency on natural resources combined with the increasing demand for bioactive compounds. These companies often rely on the extraction of raw materials from biodiverse ecosystems, which can lead to unsustainable practices in bioprospecting and resource extraction. Such practices not only threaten the integrity of these ecosystems but also contribute to habitat destruction and the endangerment of various species. As a result, maintaining biodiversity is crucial not only for environmental sustainability but also for ensuring the long-term availability of essential resources needed for innovation and development within industry.

- In 2023, 20% of companies in the sector conducted a biodiversity assessment to evaluate the impact of their activities on ecosystems, which is slightly higher than the 19% observed in other sectors. However, only 2% of these companies went a step further by conducting both an impact and dependency study, which is essential for demonstrating a deeper understanding of their ecological footprint.
- Furthermore, only 2% of companies have performed a critical natural resources assessment, which involves mapping the natural resources required for their operations. This is significantly lower than the 14% seen in other sectors, highlighting a substantial gap in resource evaluation within the industry.
- Regarding the results of the biodiversity assessments, 22% of companies assessing their impact on biodiversity and nature identified their operations in areas near protected or biodiversity-sensitive zones. Among this group, 19% acknowledged that their activities have negative impacts, while only 3% reported no adverse effects.

Governance

Business Ethics: Strong adoption of Business Conduct and Anti-Corruption Policies, but limited employee training

Business ethics are critical in the pharmaceutical sector due to their impact on health, safety, and fair competition. Implementing a Code of Conduct and anti-corruption policies, along with providing comprehensive employee training, is essential for supporting company integrity and minimizing reputational risks.

- 81% of companies have formal Business Codes of Conduct and Anti-Corruption Policies publicly available, which is slightly above the 80% seen in other sectors.
- However, only 41% of employees received anti-corruption training, with merely 29% of companies providing training to over 90% of their staff, which is lower than the 52% average in other sectors, suggesting a need for more comprehensive and accessible training programs.

In 2024, EthiFinance identified six incidents related to business ethics among the evaluated companies in the Biotechnologies & Pharmaceuticals sector. Most of these incidents were linked to anti-competitive practices, although one was related to corruption and bribery.

Serious bribery case: One of the most significant controversies in the sector involves a pharmaceutical company that, after years of investigation, is being sued by the Greek government in 2024 for allegedly bribing officials and doctors to inflate drug prices in state hospitals.

Anti-competitive practices in the Biotechnologies & Pharmaceuticals sector: There were two major incidents related to anti-competitive practices that were considered significant during 2024. The first involved an agreement between two companies that allegedly resulted in higher prices for a medication, violating fair competition laws. The second case involved a subsidiary of a pharmaceutical company that allegedly used anti-competitive tactics to block competition from less expensive generic versions of an important drug used for treating certain addictions.

These developments highlight that reinforcing good business practices in the pharmaceutical sector should not be overlooked. As the industry focuses on more sustainable performance, a firm commitment to ethical conduct will be essential for maintaining trust and ensuring the well-being of public health and safety.

External Stakeholders

Relationship with customers, civil society and responsibility of products: Opportunity to enhance quality assurance and customer focus

Quality management and engagement with customers and civil society are critical for the pharmaceutical sector, as the reliability of products has a direct impact on health and safety.

- Only 20% of companies conducted customer satisfaction surveys in the last three years, compared to a more robust 43% observed in other sectors, which highlights a critical area for improvement, especially considering the importance of customer engagement and product quality assurance in this industry.
- However, the sector excels in its commitment to Quality Management Systems (QMS), with 66% of companies reporting having a QMS in place. This is a strong advantage compared to the 25% of companies in other sectors that have implemented certified QMS, highlighting the Biotechnologies & Pharmaceuticals sector's dedication to meeting consumer expectations for quality and safety.

In 2024, there were seven incidents related to product safety issues affecting companies in the Biotechnologies & Pharmaceuticals sector, most of which were considered serious. Additionally, these companies faced several controversies involving deceptive commercial, marketing, or advertising practices that were deemed significant.

Legal disputes highlight product safety issues: There have been several important legal cases in the pharmaceutical sector that raised concerns about product safety and company responsibility during the last year. One major case is a class action lawsuit from families regarding a rare adverse reaction linked to a COVID-19 vaccine. Another case involves a large settlement over heartburn medications, which has raised safety concerns. Moreover, there is an ongoing investigation into potential manslaughter related to an epilepsy drug, as well as lawsuits concerning a product associated with cancer.

Critical controversies regarding false information: Two significant incidents were identified involving companies that produce a variety of generic opioid products and sell hundreds of millions of doses each year. These legal matters focus on the failure to provide adequate warnings about the side effects of a specific opioid treatment, with ongoing motions to dismiss related lawsuits.

Despite some evidence of commitment to quality assurance in the Biotechnologies & Pharmaceuticals industry, recent events highlight serious concerns about the responsibility of some pharmaceutical companies to ensure patient safety.

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