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Sustainability in the Biotechnologies and Pharmaceutical Sector: Progress on Targets, Gaps in Transparency and Implementation

EthiFinance analyses ESG ratings of 86 listed European companies

The sustainability of companies in the biotechnologies and pharmaceutical sector continues to improve. Nevertheless, there is a need for optimisation in key ESG areas: According to the analysis of 86 ESG ratings of European companies in the sector in 2024 (with reported data from 2023), more than two thirds (70 percent) scored between 31 and 70 points on a scale of 0 to 100. In the three ESG pillars ('Environment, Social, Governance'), companies perform best in the field of governance but achieve poor scores when it comes to social aspects.

In the core area of environment, where the sector's greatest challenges lie due to high energy consumption, more than a third (35 per cent) of companies have set themselves quantitative targets for reducing greenhouse gas emissions. However, less than a tenth (9 per cent) have validated them through the Science Based Targets initiative. In other sectors, more than half of companies have already committed to science-based climate targets.

Cautious reporting on CO2 emissions and waste volumes

Three quarters (77 per cent) of companies have already introduced concrete measures to reduce CO2 and energy consumption. However, only half (52 per cent) of companies report on so-called Scope 3, indirect emissions, which account for more than four-fifths of the industry's carbon footprint across the long value chain – compared to two-thirds (67 per cent) in other sectors.

In view of the large quantities of waste in production, waste avoidance and management are other important aspects, particularly in the biotechnologies and pharmaceutical sector. Despite this, only half of the companies provided information on volumes in 2023, while the reporting rate in other sectors was 80 per cent. Only 12 per cent also stated quantifiable waste reduction targets.

'Transparency is the key to improving sustainability performance. However, the comparatively restrained reporting on CO2 emissions and waste volumes shows that there is a lot of catching up to do. Our ESG ratings help both companies to determine their position compared to the competition and their potential for improvement, and investors to make better investment decisions. This is because good results in the various ESG dimensions have been proven to prevent the potential for controversy and improve risk management,' comments Julia Haake, Head of ESG Rating Agency.

Differences in countries and size

Compared by country, Danish companies in the biotechnologies and pharmaceutical sector have the highest average sustainability score, while Swiss companies have seen the most significant improvement in the last three years.

It is striking that small companies perform better than large ones. More than half of the top-rated companies are small companies, classified by market capitalisation. The top four have less than 250 employees.

Julia Haake: 'This suggests that smaller companies can react more flexibly to sustainability requirements and integrate sustainable practices more quickly. With over 2,300 listed companies, the EthiFinance database also covers European SMEs and provides investors with scores based on 140 data points.'

The full study results can be downloaded here:

[2024 Corporate Sustainability Performance in the Biotechnologies & Pharmaceutical sector](#)

About EthiFinance

Headquartered in Paris, with more than 160 employees in Paris, Lyon, Madrid, Granada and Hanover, EthiFinance is a pioneer in ESG ratings with more than 20 years of experience. The company supports over 400 clients through its credit and ESG rating, research, and advisory services, helping them to meet the challenges of an ever-changing economic, financial, and regulatory environment. Staying true to its values and longstanding dedication to serving companies, EthiFinance offers a unique and independent European approach to ESG and credit analysis.

Learn more at: www.ethifinance.com

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