



Leading Supplier Decarbonization in Pharma

AstraZeneca

Is your case study linked to an 'ugly truth' or a 'key success factor'?

The 'ugly truth' is that supplier data is a challenge for all of us, which also impacts our progress on sustainable procurement. The 'key success factor' is seeing past this, to the key performance indicators of supplier sustainability progress. This is key to our case study of leading supplier decarbonisation.

What does the case study help tackle?

When AZ started our supplier engagement, we didn't have visibility of all their sustainability activities. We also discovered they were finding it difficult to drive sustainability up the supply chain. We want this case study to help others start faster – 2030 is now getting very close.

What was the outcome and how did you measure it?

AstraZeneca committed to a very challenging short term goal of 95% supplier spend with those who have science-based targets by the end of 2025. We have made great progress, but still need to go faster. Now we have two thirds of our spend with suppliers who have made public commitments to climate action on SBTi. An amazing one in eight of all companies on SBTi the registry are suppliers to AstraZeneca.

Who was involved (departments/roles)?

Our CEO and Board are deeply engaged in sustainability, particularly decarbonization because of the recognized link between global warming and human health impacts. Our Group Sustainability team provide expert advice on climate modelling, reporting requirements and resilience. Our Sustainable Procurement team has grown and now supports the Global Procurement team to embed sustainability with suppliers.

What were the key success factors?

AstraZeneca was one of the first seven companies globally to have our Net Zero science-based target validated by the Science Based Targets Initiative – SBTi

Supplier sustainability engagement is led by a team embedded within Procurement which helps translate sustainability into procurement ways of working including contracting. This is a key success factor.

Our Sustainable Procurement team is small, so we've built an extended team of 'Sustainability Champions' from within Category Management, to support on environmental, social and nature sustainability topics. This has been essential for two-way feedback to support improvements in process, tools and data.

The active participation of our Board (including carbon targets on their scorecards) continues to be key in securing funding and driving success.

We are engaged with around 4,000 suppliers and our top 85% of spend is managed by our global category teams who embed sustainability requirements within our contracts. All other suppliers are managed by the Sustainable Procurement team. This division of work supports delivery while the Procurement team continues to manage change, adopting sustainability as part of the Procurement toolkit.

We also engage our suppliers through our supplier conferences, and through the Pharma sector PSCI Supplier Conference (direct materials suppliers) which provides

sector input to ensure suppliers understand this is an entire market change, not just an AZ change.

What are your watch-outs for others attempting this?

- Make sure internal comms and training for Procurement and Business stakeholders are as simple as possible - there is a lot of jargon to understand.
- One training session is not enough – use a range of comms and engagement approaches over prolonged period of time to reach all team members
- Have support from your CPO to set goals in individual performance scorecards - % category spend with SBTi
- Sustainability must become everyone's business. Deepening business engagement in supplier sustainability is a real opportunity for Procurement leadership and business partnering across the organization.

How would you recommend those with fewer resources attempt this?

Leverage industry networks by joining peer groups such as SPP and PSCI or join collective initiatives to increase access to renewable energy such as Energize.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsor?

Our CPO, Nataša Vidmar is an amazing sponsor who has never wavered from driving the progress needed despite competing pressures on Procurement. Resilience in the Sustainable Procurement team has also been essential to maintain momentum. And key people in Categories who feel passionate about sustainability and have supported us with real positivity when others around them were struggling.



Robert Williams
Sustainable Procurement Director

