Delivering Climate Impact Across the Value Chain

Cohance

6.44% | Scope 3 Emissions Reduction

US$3.45M | Annual Procurement Savings



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Which SPP thematic track does your case study align with?
Planet

Where does your case study sit within the procurement lifecycle?
Strategic sourcing, supplier evaluation, supplier selection, supplier performance management, renewable energy sourcing, and responsible procurement decisions.

What was the core challenge you were facing, and what was the context?
As a global pharmaceutical CDMO, Cohance Lifesciences recognized that reducing emissions required action far beyond its own operations. Significant emissions originated from purchased materials, logistics, utilities, and supplier activities across the value chain. The company needed to reduce Scope 1, 2, and 3 emissions while maintaining quality, regulatory compliance, supply continuity, and cost competitiveness. Additional challenges included variable supplier ESG maturity, limited sustainability data visibility, dependence on imported materials, growing stakeholder expectations, and evolving climate commitments. Cohance therefore set out to transform procurement into a strategic enabler of decarbonization by integrating supplier ESG performance, sustainable sourcing, renewable energy adoption, and resource efficiency into business decision-making.

What approach did you take to tackle the challenge?

Cohance implemented an **integrated decarbonization strategy** combining operational sustainability initiatives with procurement-led supply chain transformation.

Operational Decarbonization
- Installed rooftop solar projects across manufacturing sites.
- Advanced large-scale renewable energy projects, including captive solar and wind power.
- Replaced fossil-fuel-based boilers with biomass briquette systems.
- Implemented Zero Liquid Discharge (ZLD) systems to enhance resource circularity and water stewardship.

Supply Chain Decarbonization
- Identified major Scope 3 emission hotspots.
- Integrated ESG criteria into supplier evaluation and sourcing decisions.
- Established supplier sustainability assessments and ESG ranking mechanisms.
- Increased local sourcing and optimized supplier networks.
- Continuously tracked supplier performance, emissions, and sourcing metrics.

This approach created a scalable framework that connects procurement decisions, supplier engagement, operational decarbonization, and measurable climate outcomes.

Delivering Climate Impact Across the Value Chain

Who was involved and how did you build buy-in (or not)?

The initiative brought together Procurement, Sustainability, Operations, Engineering, EHS, Finance, Quality, and Executive Leadership teams, along with renewable energy developers and strategic suppliers. Internal alignment was achieved by demonstrating that decarbonization could improve resilience, reduce costs, enhance operational efficiency, and strengthen customer confidence.

Externally, suppliers were engaged through ESG assessments and sustainability discussions integrated into procurement processes. Suppliers were evaluated on environmental, social, and governance performance alongside quality, cost, delivery, and compliance.

This collaborative approach encouraged supplier participation, supported continuous improvement, and created shared ownership of climate and sustainability goals across the value chain.

What was the outcome, and how did you measure the impact?

The initiative delivered measurable environmental and business value across operations
and the supply chain in FY26.

Climate Impact

- Over **38,000 tCO_2e annual emissions reduction** through renewable energy, biomass transition,
  and resource-efficiency initiatives.
- Scope 3 emissions reduced from **115,645.60 tCO_2e** to **108,204.08 tCO_2e**.
- Absolute Scope 3 reduction of **7,441.52 tCO_2e**.
- **6.44% reduction** in Scope 3 emissions versus FY25 baseline.

Sustainable Procurement Impact

- Supply concentration from one overseas market reduced from 17% to 9%
- Domestic procurement increased from **80%** to **86%**.
- ESG criteria integrated into supplier evaluation and sourcing decisions.
- Increased supplier participation in sustainability improvement programs.

Business Impact

- Annualized procurement savings of **US$3.45M**.
- Annual operational savings exceeding **US$0.6M**.
- Improved supply chain resilience and reduced logistics dependency.
- Stronger customer confidence and regulatory readiness.

Impact was measured through Scope 1, 2, and 3 GHG accounting, renewable energy generation data, sourcing analytics, supplier ESG ratings, procurement savings, and resource efficiency metrics.

IMPACT KPI 1
38,000+ tCO_2e | Annual Emissions Reduced

IMPACT KPI 2
US$4M | Combined Annual Savings

(**US$3.45M** procurement + **US$0.6M** operations)

Please note: The Guide has benefited from the input of individuals, companies, and organizations.
The views expressed in the Guide are not necessarily those of the Sustainable Procurement Pledge. SPP accepts no liability for content.

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What was the cost or investment required, and what have been the expected (or unexpected) business trade-offs or benefits?
Cohance invested more than US$2.4 million in renewable energy infrastructure, biomass boiler conversion, water circularity systems, and supplier ESG assessment programs. Additional effort was dedicated to supplier engagement, localization, ESG data collection, and procurement transformation. While implementation required capital investment, supplier capability development, and adaptation to evolving regulations, the benefits significantly exceeded expectations.

The initiative is delivering over US$4 million in annualized savings, reducing emissions across operations and the value chain, improving supply chain resilience, strengthening supplier partnerships, reducing import dependency, and enhancing customer and stakeholder confidence.

What were the key success factors?
Success was driven by strong leadership commitment, procurement ownership, and cross-functional collaboration. Rather than treating sustainability as a separate function, Cohance embedded climate considerations directly into sourcing, supplier management, and operational decision-making.

In FY26, 62% of suppliers were assessed for ESG criteria while renewable energy, biomass conversion, and water circularity initiatives addressed operational emissions. Continuous performance monitoring, supplier engagement, measurable targets, and alignment with long-term climate commitments ensured accountability and momentum.

Most importantly, the initiative proved that environmental performance, financial value, and operational resilience can be achieved together when sustainability is integrated into core business processes.

This is a community-sourced case study
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What was the "ugly truth" you encountered & what would you do differently next time?

The most significant challenge was recognizing that decarbonization is only as strong as the quality of supplier engagement and data. Supplier ESG maturity varied considerably, making emissions measurement and reporting difficult. Localization also required balancing sustainability objectives with quality, supply continuity, and regulatory requirements. Renewable energy projects faced evolving regulatory frameworks, while supplier data collection required sustained effort. In future, Cohance would begin supplier capability-building earlier, implement digital ESG reporting platforms sooner, focus first on high-emission suppliers, and accelerate sustainability training across the supply chain to improve transparency, engagement, and impact.

How would you recommend those with fewer resources approach this?

Organizations can begin by focusing on the actions with the highest impact and lowest complexity. Start by identifying major emission sources, engaging key suppliers, and integrating basic ESG criteria into sourcing decisions. Local sourcing opportunities, energy efficiency projects, and supplier sustainability assessments can often be implemented with limited investment.

Early measurable wins help build business support and create the foundation for larger initiatives such as renewable energy adoption and broader supply chain decarbonization programs.

For whom would you recommend this initiative?

This approach is particularly relevant for pharmaceutical, biotechnology, healthcare, chemicals, and manufacturing organizations with significant emissions from purchased materials, logistics, and energy-intensive operations.

It is suited for companies pursuing net-zero ambitions, science-based targets, sustainable procurement strategies, or supply chain resilience objectives. Because the model integrates operational decarbonization with procurement-led supplier engagement, it can be adapted by organizations at different stages of sustainability maturity and scaled across global value chains.