

# CSR, ESG, and Sustainable Strategies Enhancing Growth in Combination Products

## What Can We Learn From the World Class Amongst Us, and Why Does it Matter?

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### A Reputational Risk in Our Industry

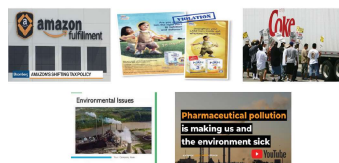
Companies focus heavily on the what and how of their business. Pharmaceutical manufacturers are no different.

It's the **Why** that will differentiate us, inspire our employees, and drive profits in ways performance and productivity alone cannot do.

"People don't buy what you do, they buy why you do it." (Simon Sinek's TedTalk on The Golden Circle, 2009)

Corporate strategy needs to include social and environmental programs and stewardship as part of the Triple Bottom Line: People, Planet, and Profit.

"Having a purpose that is aligned with making a significant positive impact on the world should therefore create emotional commitment in employees, consumers and other stakeholders." – Haski-Leventhal (2021)



### Growing Pressure to Focus on Sustainability

#### Some Recent Issues

- Novo Nordisk's and Eli Lilly's marketing explosion for GLP-1 results in global supply chain shortage
- Novo Nordisk near recall for WFI microbial excursions at its GLP-1 API facility in Kalundborg
- Battles over patent infringement by generics, increasing consumer sensitivity to price
- Abbott Laboratories 2022 recall of infant formula
- In 2020 alone, Novartis was thought to have paid out over \$1.3bn to settle agreements for kickbacks, bribery, and price fixing

#### PEOPLE - External Programs

- Novo Nordisk
  - American Diabetes Association
  - Juvenile Diabetes Research Foundation
  - The Novo Nordisk Foundation
  - Hvidovre Diabetes Sanatorium
  - Novo Nordisk Haemophilia Foundation
- Drug Accessibility
  - Abbott
  - Novo Nordisk
  - Eli Lilly
  - Novartis
- Community Outreach
  - Xellia Pharmaceuticals: Kenyan village sponsorship
  - Novartis: Disaster Preparedness partnership with American Red Cross, AmeriCares, and Direct Relief

#### PEOPLE - Internal Programs

- DEI recognition and awareness campaigns
- Veteran hiring
- Total Compensation Programs
- Leadership Development / Graduate Internships
- Society Sponsorships

These drive innovation, creativity, problem solving. They also enhance recruiting and retention.

### Best in Class Examples

#### Best in Class Initiatives

- Schneider Electric
  - Carbon neutral by 2025
  - Helps its customers reduce emissions and become more energy efficient through its Sustainability Business
  - Sustainability impact program to track its performance
  - Reduced emissions across its supply chain
- Sanofi
  - Zero greenhouse gas (GHG) emissions by 2045 (carbon neutrality by 2030)
  - By end-2025, at least 90% of their waste will be reused, recycled or recovered and that all sites will be landfill-free (<1%)
  - By 2030, sustain water withdrawals at 15% less than 2019

#### Other Top Performers

- Abbott Laboratories
  - Fortune Magazine's 2020 #1 on their Change the World List due to their packaging material volume reductions and bottle recycling programs
  - Reduced shipments just in their BinaxNow COVID-19 test kits by 9500 20-foot shipping containers annually through these volume reductions
- Novartis
  - Become net-zero by 2040
- Medtronic
  - Strong governance in managing environmental initiatives
- Boston Scientific
  - In 2022, first in the Healthcare Equipment and Supplies sector to gain approval from Science Based Targets initiative (SBTi) for their target of net-zero greenhouse gas (GHG) emissions by 2050



Seeking LEED Gold Certification

#### The Business Case for ESG

- Attract top talent
- Retain them through the Why
- Strive for Best Places to Work recognition
- Reputation enhancement through social programs and environmental conservation
- Triple Bottom Line is a long-term strategy
- Return on investment
  - Waste reductions through water reclamation
  - Recycling programs
  - Innovation / creativity
  - Reduces shipping costs with lower volume packaging

### Looking Ahead

#### Per- and polyfluoroalkyl substances (PFAS)

A wide diversity of chemicals designated substances of concern due to persistence in the environment



#### What Should You Do Regarding PFAS?

- Conduct a thorough audit on the use of PFAS.
- Invest in R&D for alternative substances.
- Engage with regulators and industry groups to stay ahead of regulatory changes.
- Develop a comprehensive strategy for phasing out PFAS and mitigating risks.

#### What Comes Next?

- Celebrate cultural and experiential diversity and inclusion through awareness programs
- Remain on the journey with subsequent initiatives until zero emissions are achieved
- Create a sustainability organization in your company with the head of it driving its inclusion in corporate strategy and site representatives doing so at their sites globally
- Become a local and national leader in environmental target setting and encourage peers to do the same for the betterment of the planet for generations to come
- Incorporate recycling and waste reductions into site and supply chain operational excellence programs
- Transparent reporting enhances reputation and demonstrates concern for the environment and patients