

Transcript for "75Pharma Part 1"

- Krizia Karry: Hi everyone, I'm Krizia Karry. I'm the new host of our new BASF Pharma Solutions Technology podcast, 10 Billion Reasons. The podcast series will consist of short discussions with our experts, highlighting different pharmaceutical technology areas, their applications, and industry learnings. Our two special guests today are Bailey Risteen, Global Sustainability Manager, and Tony Sorensen, the founder and impact ambassador of 75Pharma. Bailey, Tony, welcome.
- Bailey Risteen: Thank you.
- Tony Sorensen: Thank you, Krizia. Thank you.
- Tony Sorensen: Nice to see you both.
- Krizia Karry: So today, we'll be discussing corporate sustainability, corporate responsibility, and how pharma companies are addressing this. But before we dive into the topic, first, can you each introduce yourselves to our listeners, maybe something quick about yourself and your background. Why don't you go ahead, Bailey?
- Bailey Risteen: Sure. So, hi, I am Bailey Risteen. I'm the Global Sustainability Manager. I've been at BASF for about five years now, and I'm a chemical engineer by training, but I love all things related to sustainability and very excited to talk to Tony and you today, Krizia, about this topic.
- Krizia Karry: Great.
- Tony Sorensen: That's great. So, I'm Tony Sorensen. I'm the founder and call myself an impact ambassador to 75Pharma. And my background is in clinical medicine. I went over to Life Science, working for big pharma for a few years before I started to allocate my resources and time to 75Pharma, a different kind of pharmaceutical company.
- Krizia Karry: And maybe that's a, that's a great segue to my first question, Tony, which is 75Pharma
- Tony Sorensen: Right.
- Krizia Karry: ... claims to be the first impact and purpose-driven pharma company in the world. Just that tagline, I love it. But what does it mean to be an impact business, you know, to be that purpose-driven pharma? What does it mean for regular listeners like you and I?

Tony Sorensen: Yeah, it's a very, very good question, which is not easy to put up a short answer to, but I'm gonna try. I think that from the overall perspective of an impact business, it's important to differentiate that you know, businesses can be normal corporations doing impactful choices, but that doesn't necessarily mean that they're impact businesses. So, I think that's a good thing to clarify first of all. I mean the way to view, to view a company who's an impact company is that they have built the whole business model, and the ethos and the purpose and the values and the brand strategy, everything is built on doing impact. So doing impact is the goal. And then it's sort of like, you know, you're an impact company first, and whatever field you are in based on, you know industry classification, whatever you wanna call, it's like secondary. So there's a big differentiation there. Yeah.

Krizia Karry: Don't pharma companies already have sustainability goals? What is different here in 75Pharma?

Tony Sorensen: Yeah. I think the one thing that makes us stand out was the need for let's call it real environmental social governance and real corporate social responsibility. I mean, I used to work for big pharma for many years, and I know that most of the CSR policies that they provide are basically what we in the business call very defensive. You know, they have a long-term, change management process, and the timelines are quite long. They're often a bit fuzzy. It always involves a little bit of greenwashing here and there, some more, some less. But I think 75Pharma is an impact company by the construction of the company. So, like you mentioned before I label ourselves as a profit with purpose company. So, the purpose in the company and the impact comes first. And it basically means that you have to relentlessly be non-compromising on reaching the goal of impact. And even though it will hurt you financially and all kinds of ways that you can imagine it costs more to produce, it's harder to take choices and so on.

Krizia Karry: Yes. And, and based on that specifically, I actually looked into the 75Pharma sustainability goals, and I appreciate the fact that, like you said, they're very short term in the sense of you want to make an impact quickly. So, five of the ones that I found, it's by 2030. So, we have seven years to, for example, reduce greenhouse gas emissions by 50%. And this kind of leads into my next question. Maybe Bailey here you can jump in. I know that we are recently working also with Tony. Can you tell us a little bit more about how, you know, raw material suppliers, for example, can support those sustainability goals?

Bailey Risteen: Sure, so I can start. So yes, Tony and I have been working together for quite some time now and discussing the topic of sustainability. And I think we very quickly came to the same consensus that there's an urgency to it and especially when it comes to the active pharmaceutical ingredient. So, there's many different types of topics and sustainability for pharma. There's responsible sourcing, there's data transparency, there's human rights, like more of the social sustainability side. So, of course, there's a million things to tackle. But I think first and foremost, we really quickly realized that to make that quick impact is to

focus on the API, which typically has the largest carbon footprint to a final dosage form. And so, we worked on certain topics related to our ibuprofen sourcing, for example our productions in Bishop, Texas. But I think more broadly, Tony and I realized that there is a lot of impact that can be made when suppliers and license holders work together and share data and talk about these different hot topics pretty quickly.

Tony Sorensen: Absolutely. Agreed.

Krizia Karry: Sounds good. And so, this is tackling, I would say, sustainability goals from the raw material side, right? Tony, I also saw that you were doing something with packaging, recycled packaging, something like that. Could you, could you talk a little bit about that too?

Tony Sorensen: Sure. I'll share some broader elements, broader aspects of that. And I think that in terms of the environmental social governance, what we try to do in 75Pharma is to, it's to just close the whole box. So, we wanna make sure that we, we tick everything in terms of, you know, sustainability and also social, corporate, social governance like Bailey mentioned. And of course, packaging is one of those things that is extremely important. And not only the API packaging is important, the supply chain is important all the way to the end consumer, basically. So, but Bailey said it really well there, and I think, you know, you, you have to do things methodically and you have to start at the right end. So, that's by doing that with the API. The sourcing and the API is where you start, and then you just make sure you don't drop the ball along the way, and you transform the entire supply chain if you can.

Krizia Karry: Indeed, indeed. Okay. And so this is just to start, like you said, Tony and Bailey. What other challenges do you see for pharmaceutical companies that are moving towards attaining, or I would say for more hardcore sustainability goals, or implementing even more sustainability mindset?

Bailey Risteen: Sure. Maybe I can start and then Tony, feel free to add anything from your perspective. You know, I think we're a little bit further back in the value chain, so I can really only comment what I'm seeing from the supplier, more chemical industry side of things. But I really think this data piece will be a huge component of this, and what will be a big challenge, is getting everyone to share the right data understanding company baseline emissions. I mean, we're talking specifically about CO² here but certainly this applies to other sustainability topics as well. And I think the more that we can enter these types of collaborations to be open to share data to set targets together potentially, I think that's gonna be a huge component of it. But it's a challenge because not every company is prepared to do that. It's a huge resource topic getting the methodologies to calculate these things. So, it's gonna take some time. But I think I think with all of these ambitious targets we're seeing in pharma and even more ambitious with, you know, 75Pharma, I think we'll hopefully get there soon. (laughs)

Tony Sorensen: Yeah, I agree, Bailey. I think that the overall transformational process regarding ultimate, basically regarding of which industry we are, we're talking about transformational processes, especially in the big companies, are slow. And that's just how it normally works. Pharmaceutical business is not an exception. It's more like the rule. (laughs) It's slower than anything else. It's very big organizations. Their change management is super hard. Often, what I normally say is, that big pharma have a problem for allocating resources, for taking more responsibility in that field because, because they are such a large organization. And let me explain that real quickly. So, in a small, niched organization with a clear focus ethos and a clear brand strategy, there's an agenda already there, and you sort of customize the business to fit your goal. But the transformational process in the pharmaceutical business is the opposite. So, it's more like thinking from the, you know, the finite game of, you know, you wanna become the biggest pharma companies, they wanna rule the world, they wanna have most turnover, et cetera. So, what happens is that they, they actually find themselves in a limbo where the scale up, the margins, they actually decrease with the scale up. So, the bigger the organization gets, the lesser the margins because they want to, they want to construct, they wanna build, they wanna expand.

Krizia Karry: Tony, when you say that it comes at a cost, one thing that we have seen, and this is just also tying into, you know, saying that pharma is slow, because I fully agree, but we have seen that in the nutraceutical segment for example, there is a big push towards clean label, towards clearer claims in which consumers or even patients are even willing to pay more when there is less, right? When there is less on the label, clearer claims you know, probably plant-based ingredients among other things. Do you think that this is something that from a sustainability perspective will also be transitioning into pharma, and there'll be adoption? Do you think this is, you know, further on, how do you see it play out?

Tony Sorensen: Yeah, absolutely, Krizia. I think you touched on something now that I can share a little bit about because, I started 2017 paying for a lot of statistics surrounding how consumer behavior is changing. And the one thing that we're seeing very, very clearly, and it's not only a trend, it's right now, it's been going on for a while, and it's just increasing and increasing, is that we're not so much looking at people being aware with the same eyes that we did before. So, before we were talking about early or slow adopters, whatever change you were making. And today, basically, there, there are no early and slow adopters. Today we see that across the board, regardless of what generation you are in, you wanna do those changes, like you mentioned, Krizia, you wanna pay you consider to pay more. You consider to walk, you know, an extra mile to get the product, or you wanna buy something online that takes one week extra to get, if you reason with the brand company, and I think with the company with a specific brand. So I think that this gives a lot of hope and good vibes because, you know based on the stats in 2017, we can see clearly that if you don't do the necessary changes,

if you don't take responsibility and behave ethically, then you will have a problem in a few years with the younger consumers because the percentages of the sustainable consumers will increase, you know, every year. Bailey, do you have any thoughts on that?

Bailey Risteen: Yeah, just maybe just a comment also from my side, you know, I think I'm starting to see a little bit more of this conversation, like you mentioned Krizia, about claims and labeling and packaging topics in the OTC consumer health space kind of trickle over from nutraceuticals, and then potentially we might see that in prescription as well. And I think it's important for the consumer or the patient in this case to have that transparency. And I've heard of some healthcare systems more specifically in Europe, where they're really starting to have more scrutiny on the APIs that they're sourcing, the medicines that they're sourcing for their healthcare systems. Even prescribers making decisions based on sustainability. And I think all of that is so important because without that kind of downstream demand, so to speak, it's very difficult for us in the chemical industry further upstream to be able to invest and to make these important decisions regarding sustainability. Because net-zero won't come for free. It's gonna come at an incredible cost, I think, to everyone. And I think most people realize that, but for the chemical industry, it's a huge transformation. It's gonna be a step change difference from what we're doing today. And so, without that downstream demand and need and movement, it's really very difficult. Our hands are more tied in what we're able to do.

Tony Sorensen: Yeah, absolutely. I completely agree in everything you said. And I think that's where the hope comes in, right? Because we see that we don't have to educate the consumers. They're already asking for us.

Krizia Karry: Exactly. Exactly. Well, I think this is a great point then to end the conversation. Thanks very much for the discussion today, Tony and Bailey.

Tony Sorensen: Thank you.

Krizia Karry: I look forward to you know, to probably a second part of this discussion where we really delve deep into what consumers are asking for, what are we, you know, of course working towards, and, you know, lots of conversation. So thanks again and have a great day.

Tony Sorensen: Great talk. Thank you very much guys.

Bailey Risteen: Thanks, Tony. Thanks Krizia.

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