Transcript for: Is there a “Green Pill”? Sustainability in the Pharmaceutical Industry

Nigel Langley: In the next minute, 250 babies will be born to add to the world's population. In the next 30 years, the world population is expected to reach 10 billion people. These are the 10 billion reasons we do what we do every day.

Please join us as we explore innovative pharmaceutical solutions and sustainability and digitalization initiatives that will help us rise to the challenge.

[00:00:30] Hi everyone. My name is Nigel Langley. I'm the Global Technology Director of BASF Pharma Solutions, and actually the host of a series of podcasts that we are running within the pharma space. And a great, great pleasure to be here to talk about this podcast, which is the latest in a series concerning sustainability.

And with me today, I have a special guest Bailey, from our sustainability business with, within pharma in [00:01:00] BASF. And, first of all, Bailey, maybe you could just introduce to our listeners, something about yourself and your background and, and what's important for you in the sustainability area.

Bailey Risteen: Sure. Hi, everyone. I'm Bailey Risteen. I'm the Global Sustainability Manager for BASF Pharma Solutions. I'm part of a larger sustainability organization at BASF we have an embedded within our businesses, but then also on a corporate level. And my background is chemical engineering. So I love science, I love the pharma business [00:01:30] and it's kind of a good mix between the two for this role.

Nigel Langley: That's fantastic, Bailey. Thanks for, for that. And maybe we can just jump in then on this very hot topic at the moment. The whole world is obviously concerned with sustainability. And maybe I can ask you the first question of maybe you could describe some of the areas where sustainability is critically important in the pharmaceutical industry.

Bailey Risteen: Sure. So I think there's always so many topics related to sustainability. There's, of course, the topics we face as consumers like transportation [00:02:00] emissions, you know, choosing vehicles, whether they're electric or gas, packaging emissions, thinking about the shopping we're doing on Amazon, for example. And I think those translate also to the pharma industry, thinking about packaging and transportation and logistics. But I've actually found that the bigger topics for pharma are really related to responsible sourcing and carbon footprints. So, taking a look at across the value chain, what's the carbon footprints along each step, and then ultimately, where are we sourcing our raw materials from and who are we sourcing them from.

Nigel Langley: [00:02:30] Okay. Okay. That sounds interesting as well. I mean, what if... I mean, can you describe some of the ways that BASF is itself managing or coping with us or providing some instruction or in, information to our customer base?

Bailey Risteen: Yeah. So, you know, starting with responsible sourcing, it's such a big topic, because it really covers the environmental aspects, you know, making sure that you're taking care of biodiversity or you're not, you know, dealing with huge carbon emissions in the value chain. But there's also the social [00:03:00] and human labor aspects as well. And so certain parts of the pharma industry source from natural resources. You have fish oil from omega-3 industry, you have palm oil, which goes into a lot of excipients and castor oil. And these more agricultural products in the case of palm and castor are often coming from nations where they're still developing policies around human labor rights and standards.

And so, you take, for example, RSPO, which is the Round Table on Sustainable Palm Oil. And that's something that we're really closely working with at [00:03:30] BASF. So we have, an excipient portfolio or lipids based excipient portfolio. It's about 30 products that are based off of palm oil. And so when we take a look at how we're sourcing those raw materials, it's really important to say, okay, not only is it environmentally, more friendly than alternatives, but also let's look at the social standards.

And certain certification bodies like RSPO are really great for that, because they're doing constant audits. They're constantly changing and updating the standards so that, you know, they're not planting on peat-land, they're not, using fire, [00:04:00] they're not deforesting certain environments, and then ultimately they're paying a living wage. So, that's just kind of one tangible example how, for a part of our portfolio, we're really looking at the responsible sourcing aspects.

Nigel Langley: So what you're saying then we're taking a leading position in this area for BASF?

Bailey Risteen: Yeah. I would say for our excipients, we do 100% mass balance RSPO certified, which really means we're looking at the entire value chain. We're not getting credits to kind of offset whatever we're purchasing. We're really taking care to every step of the way, making [00:04:30] sure that we're handling that responsibly sourced material.

Nigel Langley: So thanks very much, Bailey. That sounds very interesting. So, Bailey, would you consider BASF taking a leading position in this area?

Bailey Risteen: Yeah, I think so. I mean, you know, it's important for us company-wide, not even just our pharma business that we do source 100% RSPO palm oil. So, within pharma, we are taking leading position that we do offer our entire lipids-based portfolio is 100% mass balance certified.

Nigel Langley: And that's different from our competitors [00:05:00] or from other companies?

Bailey Risteen: Yeah. I would say other companies that are maybe, are just getting into this topic are starting to look at their sourcing and are maybe purchasing credits to offset what they're buying. But the mass balance approach really means that we're looking at it every step of the value chain and really ensuring that the volumes that we're getting, are responsibly sourced.

Nigel Langley: Okay. So is anything else to expand on the responsible sourcing part?

Bailey Risteen: Yeah. I think there's a lot of new topics that are coming into the pharma space. I think RSPO has been, around for a couple years now. I think [00:05:30] people are more familiar with that topic, but certainly castor oil. This is a, a big new topic. We have a few products in our portfolio that are based off of castor oil. And we're looking into ways that we can ensure responsible sourcing for that material.

BASF actually as a whole, is a leading... It is taking a leading position in this. We started a, a project, called The Pragati project. And it's essentially trying to establish a certification scheme similar to RSPO for palm oil, for castor oil. And that's currently in the early stages [00:06:00] now. So we're taking a very close look at that from the pharma perspective to say, how do we buy it? How do we get into this? How do we make sure that for pharma, we're also engaged on, on castor oil.

Nigel Langley: Okay. And maybe you can comment, because you have a global role. Are there differences that you see in the uptake of sustainability in different countries or is it... It's fairly consistent worldwide?

Bailey Risteen: Yeah. You know, it's interesting. I think everyone is taking of greater interest globally, but certainly, there's different topics that are emphasized in different regions. In Europe, I would say the, [00:06:30] topic of carbon pricing is becoming really important. There's a lot of legislation that's being discussed around how do we potentially tax carbon? So, you know, we... right now, are not really seeing that on a global scale, but there might be a world in which every ton of carbon that you emit is being taxed.

So in Europe, it's very much carbon, focus, where I would say in the US and North America, it's been slightly more emphasis on responsible sourcing, renewability claims, a lot of consumer driven topics that people would maybe want to see on the label. [00:07:00] Okay. This has been sustainably sourced, this is, you know, bio, biodegradable, bio-based. I think it's a little bit more that conversation in North America.

Nigel Langley: So we have a direct con, connection with the consumer, don't we? Because we're not... We, we're indirectly in the, in the value chain in so far that we supply ingredients to pharma companies that make drug products. But there's also this connection directly with the consumer, isn't it there?

Bailey Risteen: Yeah. And I think for pharma, it's, it's interesting, because you do have this very consumer driven consumer [00:07:30] health side over the counter products, like ibuprofen, but then you also have this prescriptions business. And you're really... Your audience there, your, your customer is more of the healthcare industry, and they might have different expectation or targets than a consumer would. So it's a little bit disjointed sometimes, but I think as a whole, the industry is definitely moving and progressing in the right direction.

Nigel Langley: So that's very interesting. Would you say that the pharma industry is, a little bit slower on the uptake to this sustainability concept or situation [00:08:00] compared to other industries or?

Bailey Risteen: Yeah. I think on the whole, we see at least within BASF, certain markets or businesses that have been... Maybe, had to react quicker based on the industry that they're serving. And I would say the personal care space has definitely been very focused on sustainability for many, many years, cosmetics, you know, consumer health products that are not medicine related. So I think, that has definitely been leading, but pharma in the past 12 [00:08:30] to 18 months has really accelerated things dramatically. Companies are setting huge carbon reduction targets, people are setting net zero targets. So it's really gone from zero to 60 almost with pharma, which has been interesting to kind of be in the midst of.

Nigel Langley: So, Bailey, maybe we can expand on that. Maybe you could walk us through what, the carbon footprint area is and how it relates with, or how relevant it is to pharma companies?

Bailey Risteen: Yeah. You know, I mentioned that pharma companies have really gone from zero to 60. They went from maybe not being [00:09:00] a focus on sustainability to now setting these really ambitious goals. And a lot of those goals are around carbon. So, in the sustainability space, there's a lot of jargony words, but there's... One important ones to know are scope one, scope two and scope three. And these all relate to carbon emissions.

So, companies are setting scope one and scope two goals, which that means, those are the emissions under their roof. So those are things that they can very more easily control, like the LEDs and their buildings, the transportation for their employees, their own operations, if they're doing any [00:09:30] sort of production or contract manufacturing. And then scope three is arguably the larger bucket. It's more like 80% of their total emissions. And that's coming from upstream suppliers like BASF and also downstream use of their products. And that's a little bit harder for them to control, because it's not under their own roof, so to speak.

So, at BASF we're very aware of this need for our customers to have that kind of data to be able to meet their targets for scope three. So we're keenly aware of our contribution in that value chain and saying, okay, [00:10:00] we should really start to look at our own emissions so that we can provide that data transparency to our customers.

And I would say one of the really cool things that we've been working on over the past couple of years has been this product carbon footprint initiative. So a few years ago, BASF really saw this problem and this need and said, okay, how do we develop a digital solution so that we can calculate our carbon footprints at scale? So we have, I think over 45,000 sales products globally. This is not just the pharma business, of course. And how do we actually calculate accurately according [00:10:30] to ISO standards and industry standards, our product carbon footprints? And that's something that we've recently kind of released, for all of our businesses is we now have available product carbon footprints for over 45,000 sales products, which is, I think really impressive and amazing.

And now we can take a closer look also internally to say, all right, which products are emitting the most? Where can we focus our attention on an operations level, on a sourcing level? So it also helps us do a lot of internal steering as well, not only on the customer side.

Nigel Langley: Yeah. Actually, so that's [00:11:00] really impressive for 45,000 products. Yeah. I'm sure that's been well received with, the industries that we serve into. Would you say that is the case?

Bailey Risteen: Yeah. I think, I think people are excited about it. It's really a step in the right direction and it's something that's very pioneering, at least in the pharma space to be able to have that data transparency. And now, pharma companies can really... The future, the goal that we're all trying to achieve is that they can look at their portfolio, they can look at the drugs they make and say, all right, this raw material is the biggest emitter, how do we either, [00:11:30] source from a supplier that has a lower carbon footprint, or how do we change our formulation? It really enables more decisions that as a whole, we can then reduce our carbon emissions.

So, I would still say we're a little ahead of the game almost with the product carbon footprint initiative. You know, from my experience, I think it's really exciting and people just... You know, they want to know all the data, they want to know it all at once. And it will take some time for the whole industry to get there, but I'm really excited to see where it goes.

Nigel Langley: So, Bailey, what you're saying, it sounds like BASF is really actively involved in [00:12:00] sustainability as a company and, and really trailblazing in some ways, taking a leadership position in the chemical industry in general. Could you describe some of the things that are coming forward or, or will be in the future? Or are there things that we are still very much involved in working on and-

Bailey Risteen: Yeah.

Nigel Langley: ...as the trend develops?

Bailey Risteen: Yeah. You know, a great example that kind of tags on to what I was just saying is that, something we're looking into now is how do we take this incredible digital [00:12:30] tool that we've developed and actually externalize it? So we developed it in-house, it's for our products globally, but it's actually so impressive that we were able to scale it for, dozens of production sites, thousands of products that there's actually an interest from other chemical players, and other customers as well, that would say, hey, can we use this technology for our own internal calculations in our own estimations?

And so we have a team, a core digitalization team at BASF that's now working on licensing out this software platform. [00:13:00] So, through software providers, we can actually provide this solution to the market and accelerate the calculation of carbon footprints, not only for ourselves, but for everyone else. And I think that's a really cool leadership position that we can take.

Nigel Langley: That sounds a very smart thing to do to collaborate with the industry, why reinvent the wheel. You know, if, if we have something to offer, let's, let's do it. That's good.

Bailey Risteen: And I think also to make sure that everyone's speaking the same language, I think there's obviously some industry standards, there's ISO standards, there's the greenhouse gas protocol standards, but, to make [00:13:30] sure everyone's talking about the same things that when you look at two numbers, you can really say this is apples to apples and not apples to oranges. So I think it also benefits us to be part of that conversation. So as more companies are doing this calculation, we're in the know about, okay, what is everyone focusing on? How is everyone calculating these things?

Nigel Langley: So with that, thank you very much, Bailey. And it's been very insightful. And I'm, I'm personally very pleased that we are taking this challenge on within the company and, and really expressing how we can benefit the industry [00:14:00] or the pharmaceutical industry. And it sounds like it's working and, lot of energy behind it, I'm sure.

Bailey Risteen: Yeah, no, it's definitely... It's, it's a lot of work every day to, to get it done, but I think it's really exciting and I'm so grateful that it seems like the pharma industry as a whole is, is energized by it. So, yeah. Thanks for having me.

Nigel Langley: Thank you very much. And with that, I'd just like to conclude this, this podcast and thank the listeners for listening in. I hope that you now know a little bit more about what we are doing as a company in the sustainability area and how important this is to our business [00:14:30] and how important it is to the pharmaceutical industry. Thank you very much.

BASF, we create chemistry.