



Biopharma is Committed to ESG Through Collaboration

(Source: An article by Fraiser Kansteiner for Fierce Biopharma)

When it comes to the health of the planet, pharmaceutical companies do more than simply clean up their own operations.

"We can't make changes happen at a large scale individually as companies," James Goudreau, head of environmental sustainability external engagement at Novartis, said on a recent Fierce Biotech panel.

"Even as we clean up our own operations and move as quickly as possible, we know we have to not just demand that our partners improve their performance ... but we have to provide them avenues, education, opportunities to collaborate...and remove obstacles and barriers for them as well."

The sentiment was shared by all executive panelists who are engaged in environmental sustainability efforts at some of the biggest and most environmentally conscious biopharmas in Europe and the U.S.

Ultimately, they agreed initiatives cannot end with emissions from a company's own factories and sales fleets. Instead, drugmakers need to "be willing to partner with their supply chain" at all levels.

According to reports from Health Care Without Harm-an NGO focused on reducing the healthcare sector's environmental footprint-healthcare contributes between 4% and 5% of global greenhouse gas emissions.

"If it was a country, healthcare would be the fifth largest country in terms of greenhouse gas emissions," said Jason Snape, global head of environmental protection at AstraZeneca. "So as a sector, we're both part of the problem-but we're also part of the solution."

"We also know that we're already seeing disproportionate impact of the effects of climate change on the health of vulnerable communities," Goudreau added. "This has to be a connection where people understand that human health is tied to planet health."

The issue isn't purely internal, either, stressed Katrine DiBona, vice president of global public affairs and sustainability at Novo Nordisk.

"I think it's important to stay focused on, you could say, two parts of our contribution: one is our own footprint, and opportunities; we have to minimize that," DiBona explained. The other major piece of the puzzle, according to DiBona, is drugmakers' supply chains.

Novartis is representative of many manufacturers-and not just in pharma, as 90% of the company's environmental footprint is scope 3, Goudreau explained.

Scope 3 emissions, according to carbon accounting platform Net0, refer to the indirect environmental footprint that comes from a company's value chain. For drugmakers, those scope 3 emissions

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In Brief...

- ◆ French drugmaker **Sanofi** is creating a fund to support startups that aim to deliver healthcare to underserved regions resulting in the establishment of sustainable local entities. Twenty-year Sanofi veteran, *Jon Fairest*, will lead Sanofi's *Global Health Unit*, which will distribute medicines and bolster healthcare systems in low-income countries. Sanofi currently provides 30 of its drugs at cost to 40 poor nations globally.

- ◆ **GSK** is assisting 12 European countries prepare for a potential influenza pandemic by supplying its influenza vaccine *Adjupanrix* through a framework contract signed with the **European Commission's Health Emergency Preparedness and Response Authority**. Through the agreement, GSK will produce and supply 85 million doses of the vaccine.

- ◆ In its latest move into the healthcare arena, **Amazon** has entered into an agreement to acquire **One Medical**, a membership-based primary healthcare provider, for US\$3.9 billion. One Medical offers a combination of in-person, digital and virtual care services, promising "24/7 access to virtual care." *Neil Lindsay*, Senior VP of **Amazon Health Services**, said that the company believes "health care is high on the list of experiences that need reinvention." The move reinforces Amazon's continued effort to position itself as a provider of on-demand healthcare services.

- ◆ *Heather Hughes* will assume the position of Group Vice President of Beauty & Personal Care and Seasonal at **Walgreens Boots Alliance**, replacing *Lauren Brindley*. "With a background as a pharmacist and 20 years of experience with Walgreens driving transformation, Heather's passion for health and well-

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J&J's New CEO, Joaquin Duato, Talks M&A Despite Biotech Downturn

(Source: Staff article in FiercePharma)

IFPW is pleased to announce that J&J CEO, Joaquin Duato, will be a featured manufacturer keynote speaker at the IFPW 2022 General Membership Meeting this October. For more information on the business program and registration, visit www.ifpw.com/meetings/2022GMM.

Johnson & Johnson is no stranger to buyouts, with around half of the healthcare conglomerate's pharma innovation sourced from outside the company, new CEO Joaquin Duato said on a call with analysts recently. Now, as a consumer health spinoff looms, Duato is talking up M&A opportunities amid a sweeping biotech downturn.

Mergers and acquisitions have always been an "important component" of J&J's business strategy, Duato noted, in fact the drug giant has completed approximately 40 acquisitions and major licensing agreements in the past five years.

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could stem from suppliers, distributors or manufacturers.

Scope 1 emissions, by comparison, refer to direct emissions from sources owned or controlled by the company, such as manufacturing plants and sales force automotive fleets. Scope 2, refers to indirect emissions from the generation of electricity, steam, heating and cooling bought by the company.

According to Jim Weidner, Executive Director of Engineering, Technical Authority and Sustainability at Amgen, over 80% of their carbon footprint is scope 3, an area that should warrant much attention.

Beyond drugmakers' own use of green energy and on-site renewables, collaboration should be leveraged with suppliers, and lessons learned should be passed along, Weidner stressed.

Amgen, Novartis, AstraZeneca and Novo Nordisk form a impactful part of the pharma industry's environmental vanguard—each engaged in multipronged campaigns to cut carbon emissions, reduce waste and more. Generics newcomer Viartis, agrees that the health of patients and health of the planet are inextricably linked.

Viartis emphasized their ESG journey in May with the debut of its 2021 sustainability report, which outlined the progress the company's made so far as well as its goals for the future.

The company has set scope 1 and scope 2 emissions reduction targets of 42% and, by 2030, aims to hit a scope 3 reduction target of 25%, among other goals.

For the other drugmakers on Fierce Biotech's panel, their current environmental initiatives are merely the latest steps in long-running sustainability programs. Amgen, for instance, is currently rocking the third initiative in its Healthy Planet program "The Road to Net Zero."

Novo Nordisk, for its part, aims to have "zero environmental impact," DiBona said on the panel. It is accomplishing this by switching to renewable energy, designing eco-friendly products and working with suppliers who "share" the company's mindset.

Under AstraZeneca's "Ambition Zero Carbon" program, meanwhile, the British drugmaker is focused on achieving net zero greenhouse gas emissions by maximizing energy efficiency, tapping into renewable sources and investing in nature-based carbon removals to compensate for its leftover footprint.

Novartis, for its part, is rolling out renewable energy programs and climate solutions to become net zero by 2040. By 2030, the Swiss drugmaker aims to be carbon neutral across its value chain.

It's important to note that decarbonization comprises just one part of the panelist companies' wide-ranging sustainability tactics. It is important companies not end efforts with their own operations.

One means of removing those barriers could be the Energize program, through which Novartis, AstraZeneca, Novo Nordisk and seven other large pharma companies began collaborating with Schneider Electric and Carnstone at the 2021 United Nations Conference of Parties (COP26) on climate change.

The concept is to engage "hundreds of suppliers in bold climate action and decarbonization of the pharmaceutical value chain," Schneider Electric said in a release last year. The "pre-competitive" collaboration will specifically seek to help suppliers address scope 2 emissions through green power procurement, which will in turn reduce the participating companies' scope 3 emissions.

The role of the pharmaceutical industry in ESG is a featured panel discussion at the IFPW 2022 General Membership Meeting. For more information on the GMM business program and registration, please visit www.ifpw.com/meetings/2022gmm.

J&J CEO (cont.)...

But despite a major downturn in the biotech sector, J&J is "not opportunistic" in its M&A approach, Duato said. "We are still looking always at the fundamentals of these companies," he added.

"Down the road, we continue to see M&A as an important source of building our pipeline and also fortifying our current portfolio," Duato said.

The company may soon have some extra cash on hand, too, thanks to an impending divestment of its consumer health division, which is expected to occur next year.

The comments came as J&J generated US\$24 billion in total sales for the most recent quarter, rising 3% over the US\$23.3 billion it made for the same period in 2021. J&J's pharmaceutical business realized US\$13.3 billion sales, or US\$218 million above consensus, on the strength of multiple myeloma drug *Darzalex* and COVID-19 vaccine sales. In total, pharma sales jumped 12.4%, thanks to gains to the momentum behind *Darzalex* plus inflammatory disease treatment *Stelara*, prostate cancer drug *Erleada* and plaque psoriasis therapy *Tremfya* as well as the company's long-acting schizophrenia treatments *Invega Sustenna/Xeplion* and *Invega Trinza(Trevicta)*.

J&J's COVID-19 vaccine provided a second-quarter sales boost as well. Worldwide, the company's single-dose vaccine reaped US\$544 million for the second three months of the year, above consensus estimates of US\$278 million.

J&J also has new meds *Carvykti* and *Rybrevant* tucked into its portfolio. And Legend Biotech-partnered *CAR-T Carvykti* won a U.S. multiple myeloma approval in February, as well as conditional marketing authorization in the EU in late May. *Rybrevant*, for its part, clinched an FDA nod last summer as the first treatment for non-small cell lung cancer patients with epidermal growth factor receptor *exon 20* insertion mutations.

Declines in *Remicade* and *Imbruvica* sales tempered growth. *Imbruvica* maintained its market leader position, though sales still fell due to pressure from rivals. *Imbruvica* made US\$970 million in the second quarter, down about 6% for the same period in 2021.

The company expects revenue growth between 2.1% and 3.1%, which would amount to sales of US\$93.3-US\$99.4 billion.

In Brief (cont.)...

being makes her a natural fit for our beauty and personal care business," said *Luke Rauch*, Sr. VP and Chief Merchandising Officer for Walgreens.

- ♦ **Pfizer** CEO *Albert Bourla* said that the company is ready and primed to maintain its pandemic sales dominance. He made his remarks to investors as Pfizer announced total Q2 revenues of US\$27.7 billion, up 53% year-over-year. *Paxlovid* was responsible for US\$8.1 billion of the revenues, and *Comirnaty* contributed US\$8.8 billion.

- ♦ According to **Crecon Research & Consulting**, Japanese drug wholesalers shoulder annual costs of more than ¥50 billion (US\$372.8 million) for handling stockouts and restricted shipments. The estimate is based on a survey conducted by Crecon, which examined the percentage of time that wholesalers spent on tasks related to stockouts and shipment restrictions in their daily operations, as of April. The survey showed 14.12% of the total time was spent on tasks directly related to these issues.

(Sources: Company Press Releases, Drug Store News, FiercePharma, Forbes, Pharma Japan and World Pharma News)