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# AESGP Annual Meeting: Sustainability Optional Now, But Not For Long, Warns Haleon

by David Ridley

European consumer health companies today have the luxury of voluntarily setting sustainability goals. But with regulations looming and pressure from retailers and consumers mounting, such requirements will soon be mandatory, Haleon's Joe Muscat warned at the recent AESGP Annual Meeting in Paris, France. To ride the climate wave, while achieving their objectives, OTC firms need to work together, he explained.

Most consumer health companies now have a statement or strategy outlining how they will make their operations and products more sustainable.

Currently, such initiatives are voluntary, noted Joe Muscat, speaking at the recent AESGP Annual Meeting in Paris, France. "But they're only voluntary for a certain period of time."

"Because there are major drivers of change coming in the external world that are basically driving these from being voluntary commitments to being mandatory things that we're going to have to do anyway," warned Muscat, who is Haleon's environmental stewardship and innovation senior director.

Regulation is the first of these major drivers, he explained, and it's "spreading around the world." Most advanced in Europe, responsibility regulations "have spread far and wide."

In the European Union, consumer health companies face a proliferating number of regulations under the Green Deal program, as well as via the revision of the region's pharmaceutical legislation.

Proposed new packaging and packaging waste rules, for example, will introduce environmental and labeling requirements and extended producer responsibility for medicines, medical devices and food supplements. (Also see "[EU Packaging Regulation Presents Challenge And Opportunity For Consumer Health Industry](#)" - HBW Insight, 28 Mar, 2023.)

At a previous AESGP Annual Meeting panel, a European Commission representative told industry that OTC antifungals and antivirals may become prescription-only under reforms to EU pharmaceutical legislation, as part of the regulator's efforts to tackle antimicrobial resistance (AMR). (Also see "[AESGP Annual Meeting: OTC Antifungals, Antivirals Could Become Rx In EU](#)" - HBW Insight, 24 May, 2023.)

This "direction of travel" of increasing regulation, with direct impacts on the consumer health industry, is "not going to abate," Muscat insisted. "It's going to continue."

## Customers And Consumers

Pressure from retailers is the second major sustainability driver, according to Muscat.

"Our customers are increasingly putting in place requirements, demands, asks around sustainability," he explained. "They look for their supplier healthcare companies to basically help them deliver their own sustainability commitments."

However, retailers are only responding to consumers, who are increasingly seeking out sustainable products, Muscat noted, pointing to the third major driver: consumer demand.

"You might be thinking right now we're in a cost of living crisis," Muscat reflected, "and that budgets are squeezed and people are probably not making the same decisions around sustainability they may have a couple of years ago."

However, looking at evidence from consumer research, Muscat said that sustainability is "not a fad." It's a "consistent, enduring trend," he warned.

"Once these headwinds start to abate, once inflation starts to come back under control, sustainability is going to come back and be very visible on the agenda," Muscat predicted. "This is real, it's happening, and it's good."

## Plastics: A Bad Wrap?

One thing that is perhaps not so good about consumer sustainability trends is the current war on plastics, reflected Muscat, who is also a member of the Global Self-Care Federation's plastics and packaging task force.

When people think about sustainability and packaging, they also think "ban plastics, get rid of

plastics,” he noted. However, plastics play a crucial role in the OTC sector, he pointed out, for example in delivering medicines safely and conveniently to consumers via blister packs.

Most blister packs are made from polyvinyl chloride (PVC), a halogenated material containing chlorine which, because of widespread plastic pollution, is considered harmful to environment, explained Sanofi's head of packaging innovation Arnaud Constant.

Toxic chemicals added to PVC, such as phthalate plasticizers and stabilizers containing dangerous heavy metals, such as lead, can also wash out into water, contributing to wastewater pollution.

Furthermore, when PVC is heated, it produces hydrogen chloride and other air pollutants – a problem which Constant pointed out is amplified when the material is incinerated.

### **PVC Free? Not So Easy**

For all these reasons, manufacturers need to be looking to remove PVC from their products and supply chain, Constant suggested.

However, PVC alternatives must also offer the equivalent benefits for pharmaceutical products. They must be technically recyclable and proven to be not contaminated by the product, Constant explained. The components of alternative medicines packaging must be easily separable at home or in recycling facilities and must not disturb or contaminate the recycling process.

At the same time, recycling systems must also exist locally and at scale to make sure that these alternatives do not also end up in landfill, incinerators or worse, in seas and rivers, Constant said. From a manufacturing point of view, PVC alternatives need also to be easily integrated into the existing production process, and not impose significant extra costs.

From a consumer point of view, alternatives also need to provide the same level of convenience, as well as safety and stability of products contained within.

### **Keep The Baby**

All in all Muscat seemed to be suggesting that the consumer health industry should not throw the plastic baby out with the contaminated bathwater.

“The reality is, if we want to be looking at how to drive a more sustainable future, we need plastics to be part of that game,” he argued. “Because for our overall industry for our products, for the benefits we're trying to deliver, plastics fulfill an amazing purpose.”

“They're safe, they're high performance, they're durable, they are even low carbon,” he claimed, pointing to a recent report by McKinsey & Company showing that plastics produce lower

greenhouse gas emissions than alternatives when their entire lifecycle is taken into account.

“The challenge for us really is how to actually start to inform the thinking and look at how we can make plastics more sustainable, as opposed to eliminating plastics altogether,” Muscat concluded.

## **First Movers**

The over-arching question facing industry when it comes to sustainability, Muscat said, is how to move beyond individual companies and organizations towards actions that are aligned, systemic and able to drive impact at scale.

On the one hand, industry needs leaders who are willing to take risks and be first movers in the sustainability space.

Referencing a recent, Academy Award winning film, Muscat acknowledged that “not everything has to happen everywhere all at once. Some players can afford to move earlier than others.”

Companies need to look at where they can drive a “significant critical mass forward and unlock the space and then open up the area for everyone else.”

Here timing is crucial, he said, because “we don’t want to be in a place where one organization moves and then no one else can move for another five years, because then it will die.”

“Somebody needs to lead and have a couple of very, very fast followers or for other companies to go with them and then the rest of the industry needs to move.”

## **Your Enemy Is Your Friend**

On the other hand, impact at scale requires collaboration, Muscat said. “The majority of the work we’ll do in sustainability is pre-competitive. So, working with your worst enemy might actually be the best way to make things happen in this space.”

“If Coke and Pepsi can get together and communicate in an advert about the need to recycle plastic bottles, then surely we can drive systemic cohesive collaborations for sustainability.”

Companies also need to start communicating with organizations and industries they wouldn’t ordinarily work with, for example in waste management, he suggested.

Working with the waste management industry to show that plastic PVC alternatives can be and are being recycled at scale and at meaningful levels will give the consumer health industry the credibility with regulators in shaping the sustainability agenda together, he explained.

All of this points to a need for companies to work with associations like AESGP and GSCF on collective frameworks and approaches – such as the latter’s Charter for Environmentally Sustainable Self-Care – Muscat concluded. (Also see "[Over The Counter 9 May 2023: Progressing The Global Self-Care Industry’s Sustainability Agenda With GSCF’s Padmaja Kamath](#)" - HBW Insight, 9 May, 2023.)