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AESGP Meeting: Climate Inaction Could Cost Healthcare Companies 10-20% Operating Profit

by [David Ridley](#)

Failing to take sufficient action on climate change could be a costly business for consumer health companies. However, the good news from the AESGP's 60th Annual Meeting in Brussels, Belgium, is that at least half of the cost of decarbonizing will be balanced by savings, according to Boston Consulting Group. And climate change adaptation will present firms with a wide variety of opportunities for product innovation, IQVIA Consumer Health's Volker Spitzer tells delegates.

Risks relating to climate change and nature could wipe up to a fifth from healthcare firms' operating profits unless they take adequate measures to reduce their impact on the environment, warns Boston Consulting Group.

"It's very important that you start thinking about where all these risks are, and that you really invest in decarbonizing your own business and adapting your operations and supply chain to the changing world," urged BCG partner Miranda Hadfield, speaking at the 60th AESGP Annual Meeting in Brussels, Belgium.

The good news, according to BCG's analysis, is that it's possible to deliver about 50% of this decarbonization – now required by the EU Green Deal, and subject to public disclosure as part of the Corporate Sustainability Reporting Directive – at zero net cost. "This is

Over The Counter: How Corporate Sustainability Reporting 'Just Got Serious,' With CEN-ESG's Jasper Crone

because many of the things that you should be doing in your business immediately and with your suppliers are actually cost saving,” Hadfield explained.

Entering into collective green power purchase agreements with other OTC firms and imposing minimum sustainability targets on suppliers are two ways that consumer health companies are accelerating their net zero targets without breaking the bank, she continued.

“If you're not doing it for cost reasons, you should definitely be doing it for carbon reasons,” Hadfield added, noting the huge impact that the healthcare sector has on the environment – 2.4 gigatons of CO2 and equivalents per annum, or 4-5% of global emissions, which is higher than aviation.

Product Innovation

While acknowledging that the subject of climate change is “rather depressing,” IQVIA Consumer Health’s Volker Spitzer delivered some good news for industry. Climate change adaptation will create new spaces for product innovation, he claimed.

“Perhaps you have already noticed that warmer temperatures and higher CO2 levels lead to longer pollen seasons?” asked Spitzer, who is IQVIA Consumer Health’s vice president, global R&D/RWE services and thought leadership.

“In North America, the pollen season starts now 20 days earlier,” he explained, “and we have 21% more pollen in the air. That’s a really big impact. Increased humidity indoors will also lead to more dust and dust mites, leading to increases in other kinds of allergies.”

Although no direct cause-effect relationship can be attributed, Spitzer noted that there has been a 43% increase in the number of packs of anti-allergy drugs sold since 2014 in Europe.

Climate change, then, creates a need among consumers for new allergy solutions, he argued. Not just in terms of new drugs, perhaps via Rx-to-OTC switch, but also with regards to the wider ecosystem of allergy – improving air quality indoors and outdoors and supporting allergy sufferers with AI-powered pollen alert systems.

Cough, Cold & Flu

By [David Ridley](#)

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In this episode of HBW Insight's Over the Counter podcast, we unpack the Corporate Sustainability Reporting Directive (CSRD) with the help of ESG expert Jasper Crone, drilling down into exactly what consumer health companies need to know about this enormously complex and significant piece of EU legislation.

[Read the full article here](#)

The prevalence of viral respiratory infections (VRIs), such as cough, cold and flu, is also impacted by average temperature rises, Spitzer said. Although more research is needed, warmer temperatures and altered precipitation shift VRI outbreaks to new regions and seasons, increasing their frequency and severity.



VOLKER SPITZER

Again, product sales indicate some kind of relationship between climate change and consumer demand. In 2022, when Europe experienced an unprecedented average warming of 2.3 °C above pre-industrial levels, cough, cold and respiratory remedies witnessed an all-time high demand compared to the previous 10 years.

Nutritional deficiency, even malnutrition, can also be connected to climate change related effects, Spitzer explained. “Elevated temperatures reduce yields of staple foods like rice and wheat and also impact their nutritional value, leading to malnutrition.”

Dietary Supplements

Nutritional dilution, which negatively impacts protein quality and therefore certain minerals such as zinc and iron, both very important for immune support, is also linked to CO2 levels, Spitzer continued. “So, we need to bring innovative and affordable supplements and fortified foods to the world, especially in developing countries.”

“When we look at sales of vitamin and mineral supplements across the Europe, Middle East and Africa (EMEA) and Asia-Pacific (APAC) regions, we see a significant growth of 22% over the last years.”

“Again, it's difficult to make this connection to the climate change, but consumers are already, let's say, in tune with using these products to support their health and I think in the future this will continue further.”

Mental Health

Mental health is another area that is very important in terms of global warming, Spitzer said, because the psychological effect of climate change is “really huge.” “It's not only the frequency of disasters that is leading to stress, anxiety and depression, but the uncertainties that climate change is introducing, especially for young people.”

Consumer health companies are well positioned to help, he argued, by providing accessible, effective and science-backed products. Digital products, like therapeutics which draw on

cognitive behavior therapy to support mental health, are also gaining a foothold in the market. “I’m sure this will continue in the future,” he said. (Also see "[Bayer CH Backs Digital Therapeutics With ‘Multimillion-Dollar’ Mahana Partnership](#)" - HBW Insight, 25 Aug, 2023.)

Ultimately, sustainable product innovation is hugely important for the consumer health industry, Spitzer noted. “It’s upstream and downstream. It’s every element of your business, so you need to have a look at that.”

On Right Path

Spitzer ended his presentation with a quote from the World Health Organization: “Climate change is impacting human lives and health in a variety of ways. It threatens the essential ingredients of good health – clean air, safe drinking water, nutritious food supply and safe shelter – and has the potential to undermine decades of progress in global health.”

“So that’s rather depressing,” he said. “But there are a lot of opportunities to work together on this. That’s why we’re here, and I think we on the right path, and I’m looking forward to improving our environment together.”

Read further coverage of AESGP’s Annual Meeting in HBW Insight: [here](#) president Jonathan Workman delivers a rousing call to action, while [here](#) Perrigo and Amcor representatives discuss the push for recyclable packaging.