

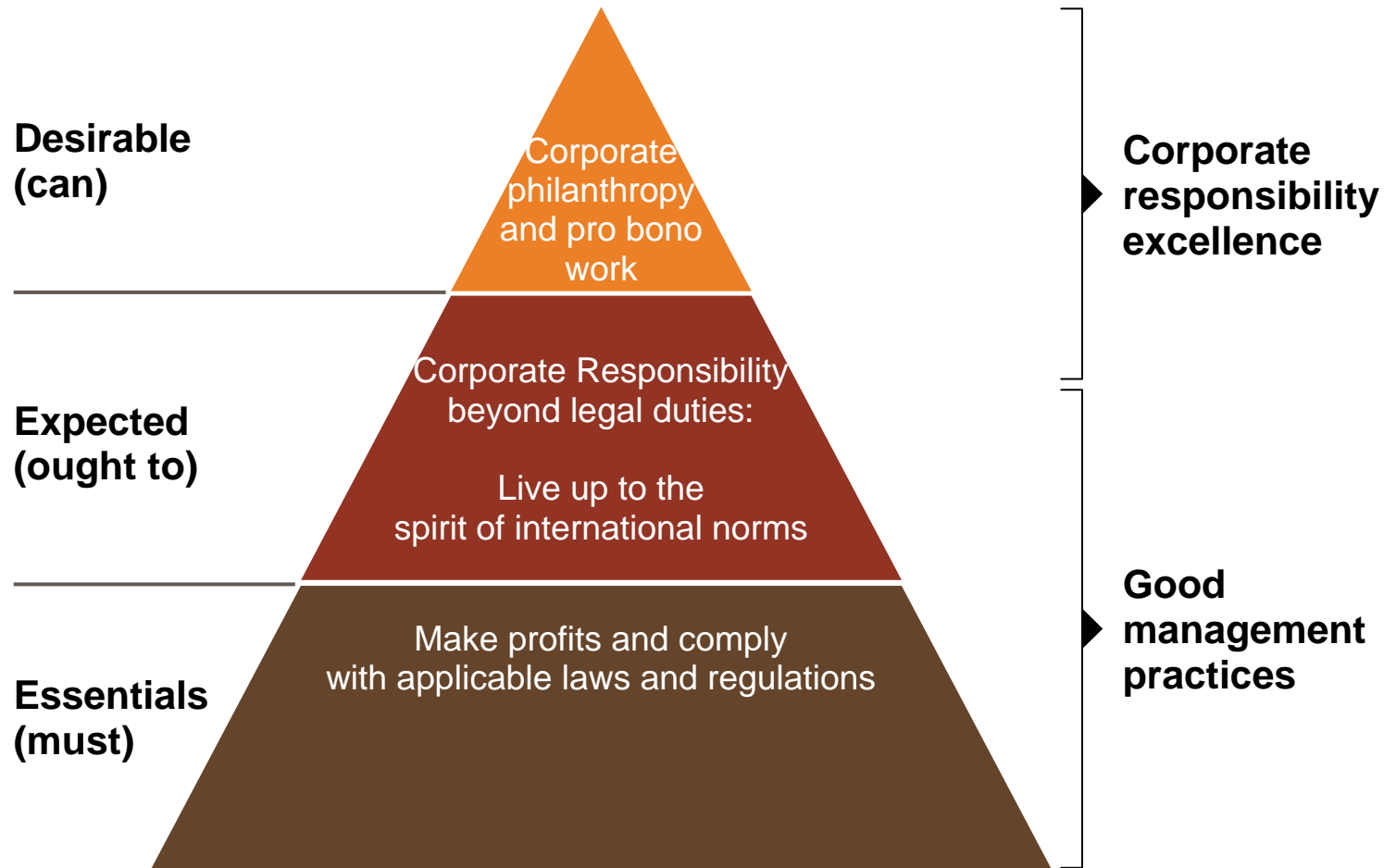
Corporate Responsibilities for Access to Medicines

ECOSOC
Special Event on
Philanthropy and the Global Public Health Agenda
New York, February 23rd, 2009

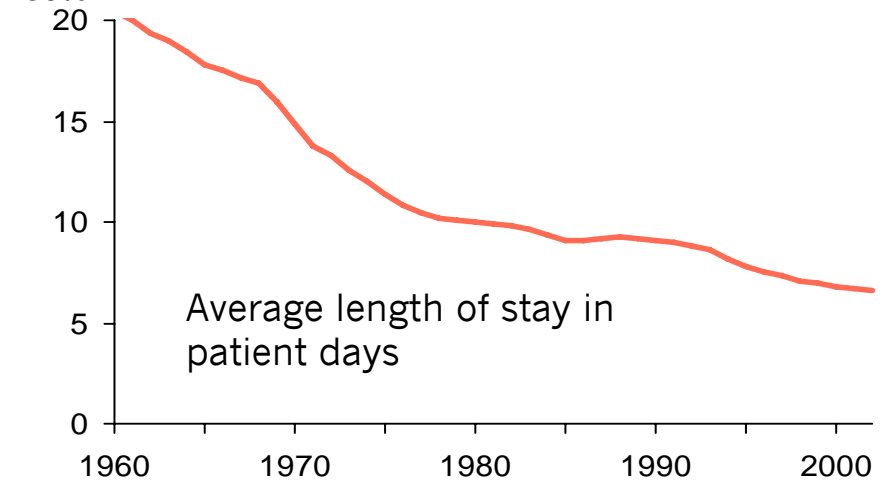
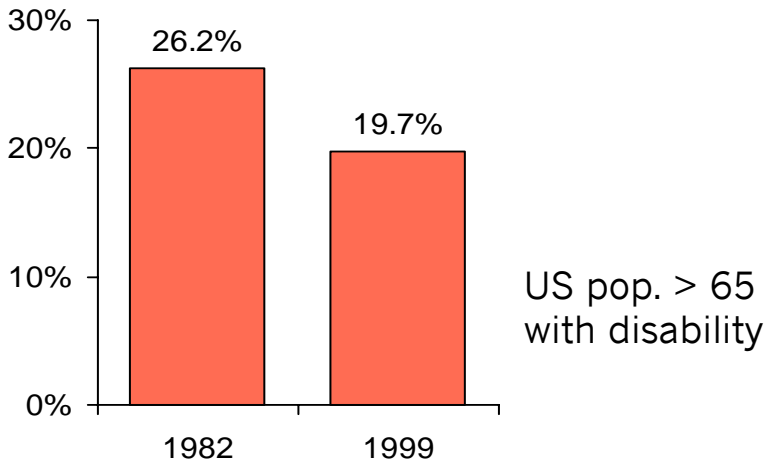
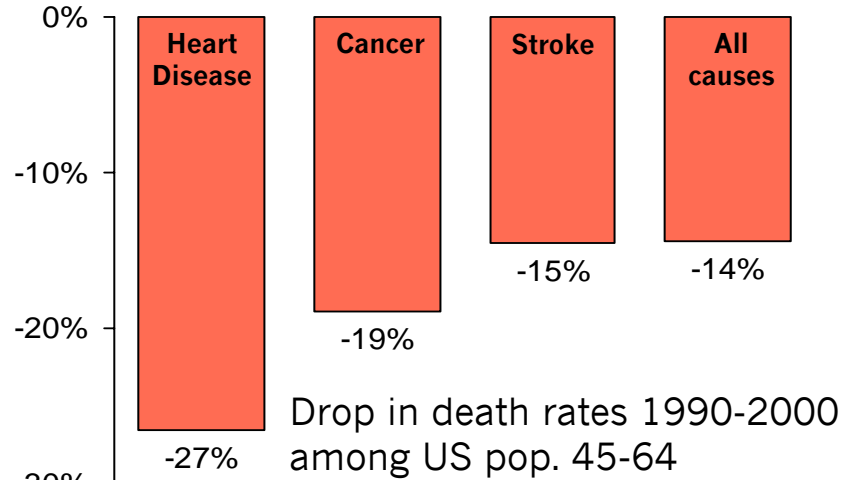
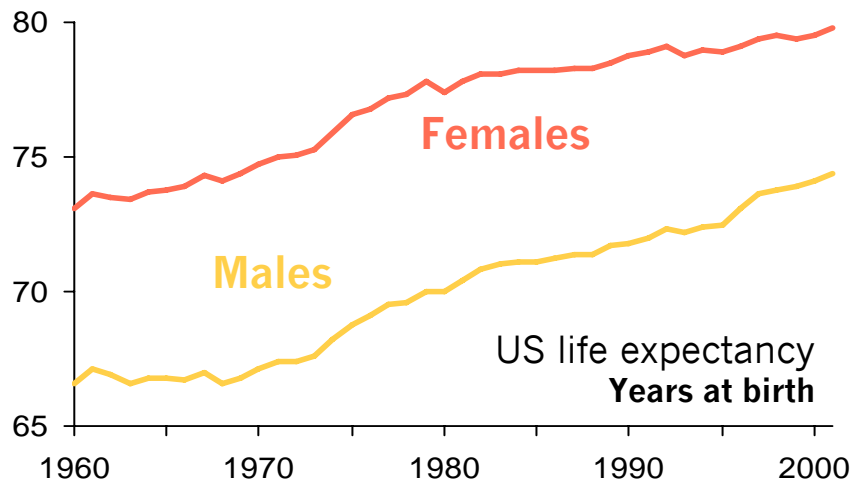
Klaus M. Leisinger
Novartis Foundation for Sustainable Development



The hierarchy of corporate responsibilities



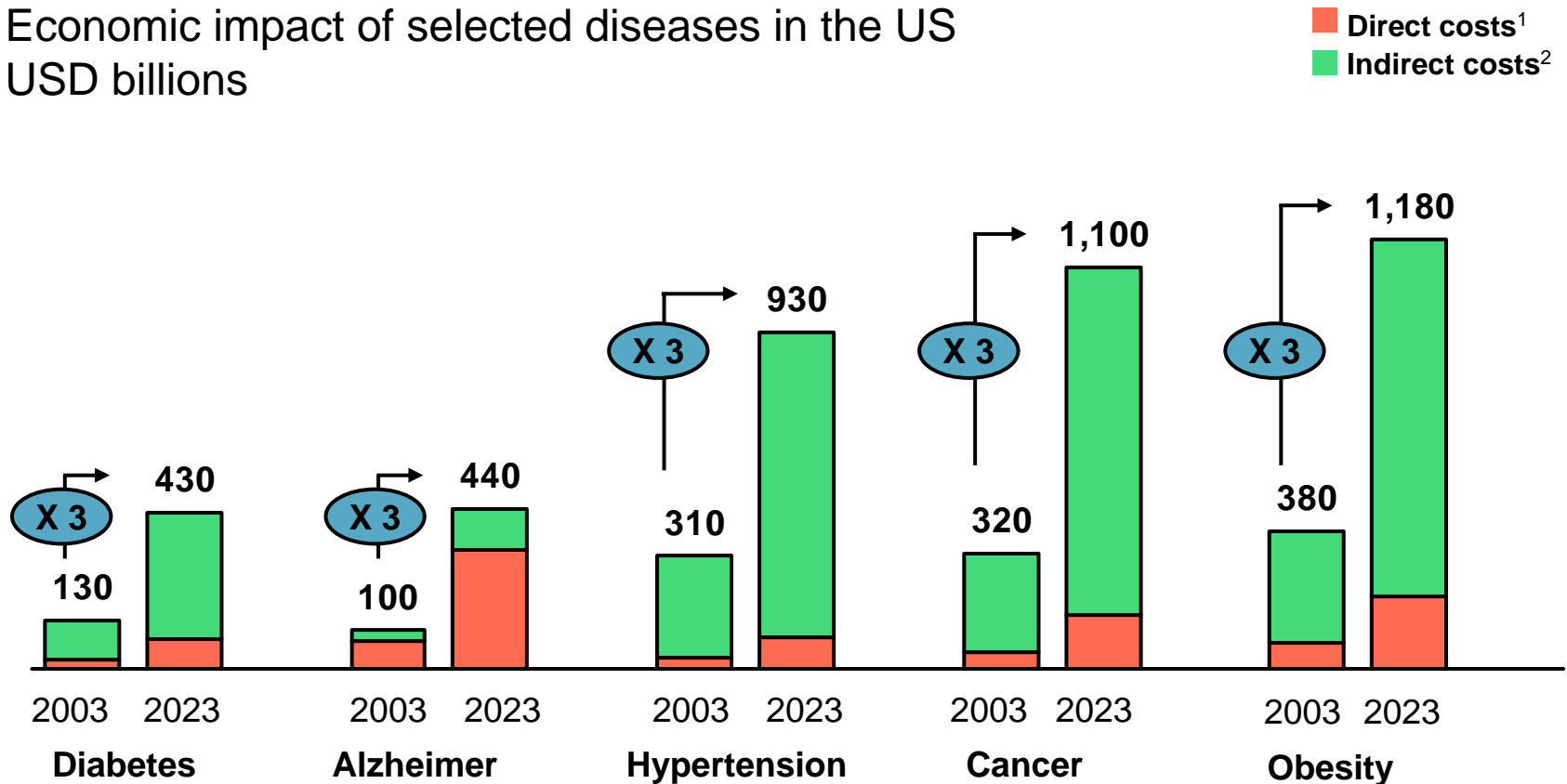
The societal return on pharmaceutical core competence



Sources: OECD Health Data 2004; Health, United States, 2003: Chartbook on Trends in the Health of Americans; Manton KG, Gu X., Proc Natl Acad Sci USA 2001 May 22; 98(11):6354-9.

Pharmaceutical Innovation helps to save health care costs

Economic impact of selected diseases in the US
USD billions

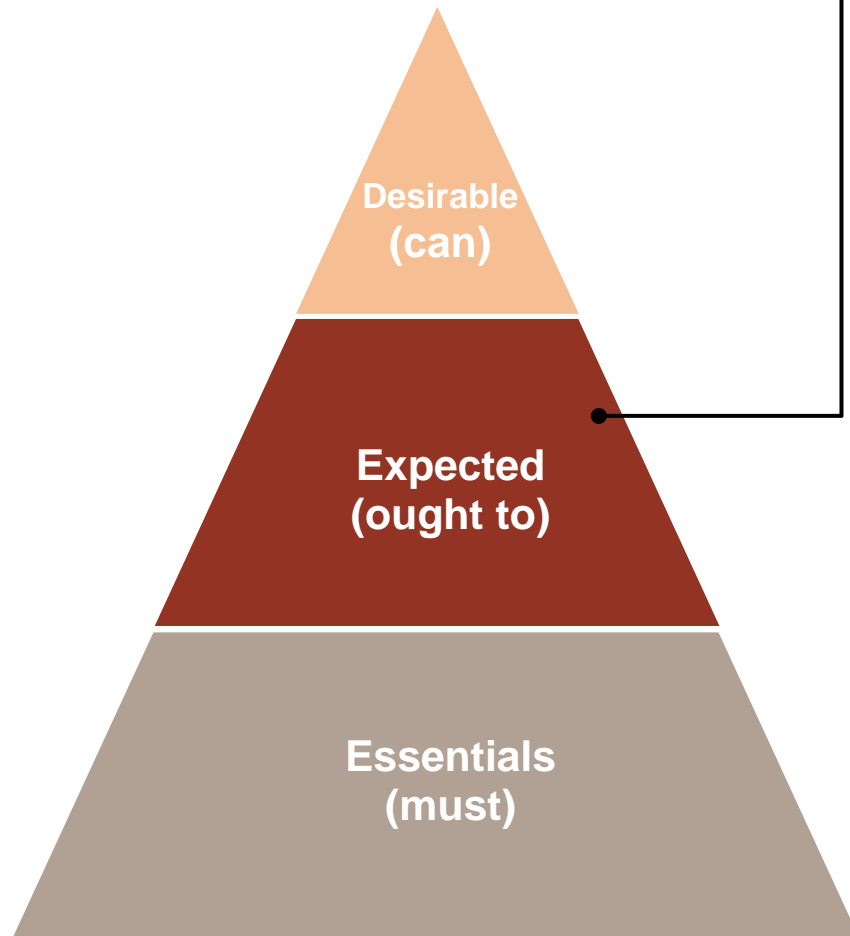


¹ Direct costs of medical treatment (e.g., hospital, outpatient care, drug costs)

² Loss of productivity und lost working days

Source: "Unhealthy America" - Milken Institute (Oct. 2007), Alzheimer's Disease Association – Facts & Figures (2007)

The hierarchy of corporate responsibilities: The “ought to” - Dimension



Code of Conduct, Corporate Citizenship guidelines for sensitive areas (UNGC) and management procedures, e.g.

- Fair working conditions
- Bribery, gifts and entertainment
- Human rights and engagement in society
- Third party management
- Health, Safety and Environment

In addition a corporate Business Practices Office is available for consultation and reporting of cases of misconduct.

Fighting poverty: A call for action to all responsible citizens

About 2.5 billion people live on less than USD 2 a day;

The richest 20% of the world's population receive 85% of the global income, the poorest 20% only 1.4%

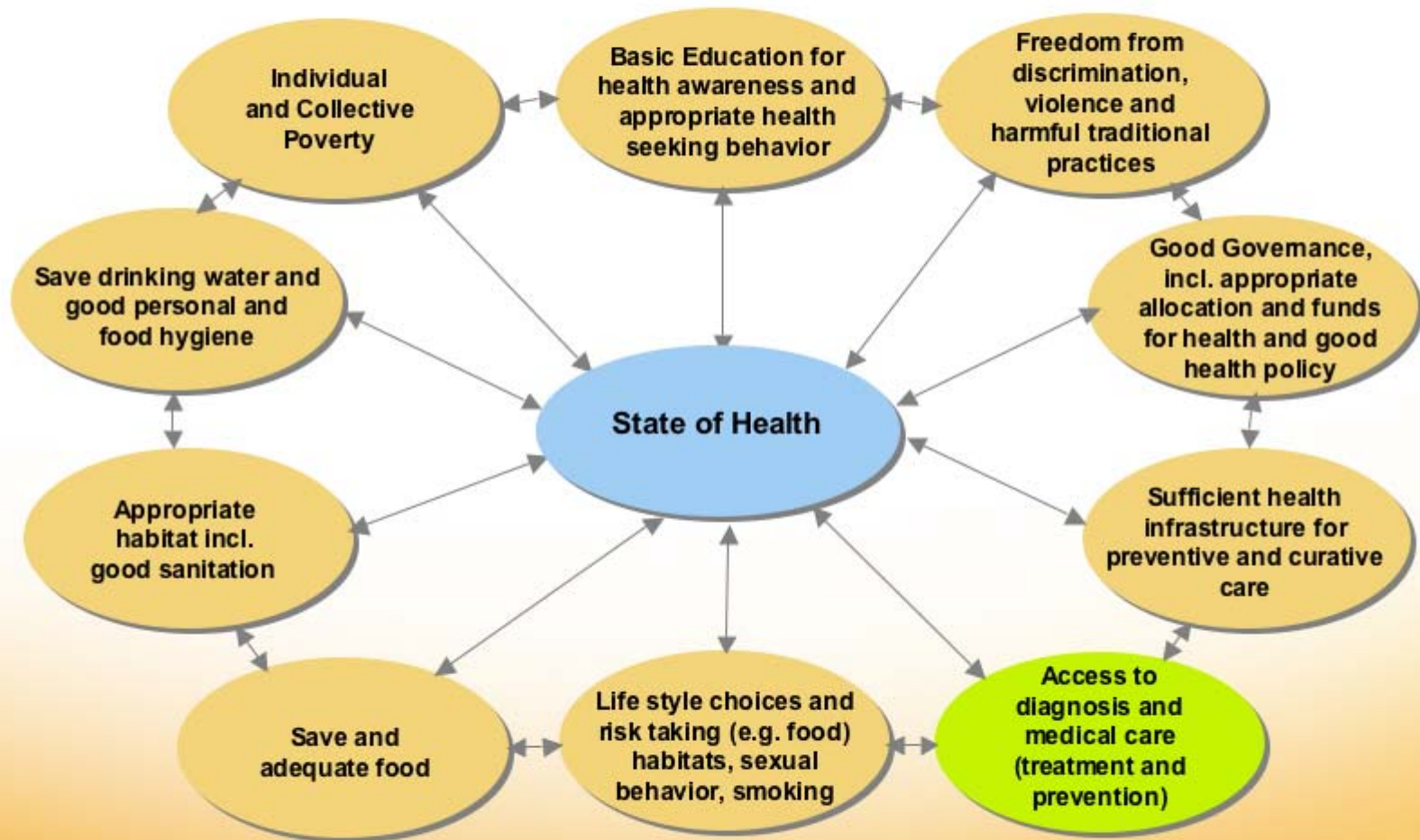
Average life expectancy in the poorest countries of Africa is less than 45 years

Every year more than 500 000 women die in pregnancy and childbirth – one every minute

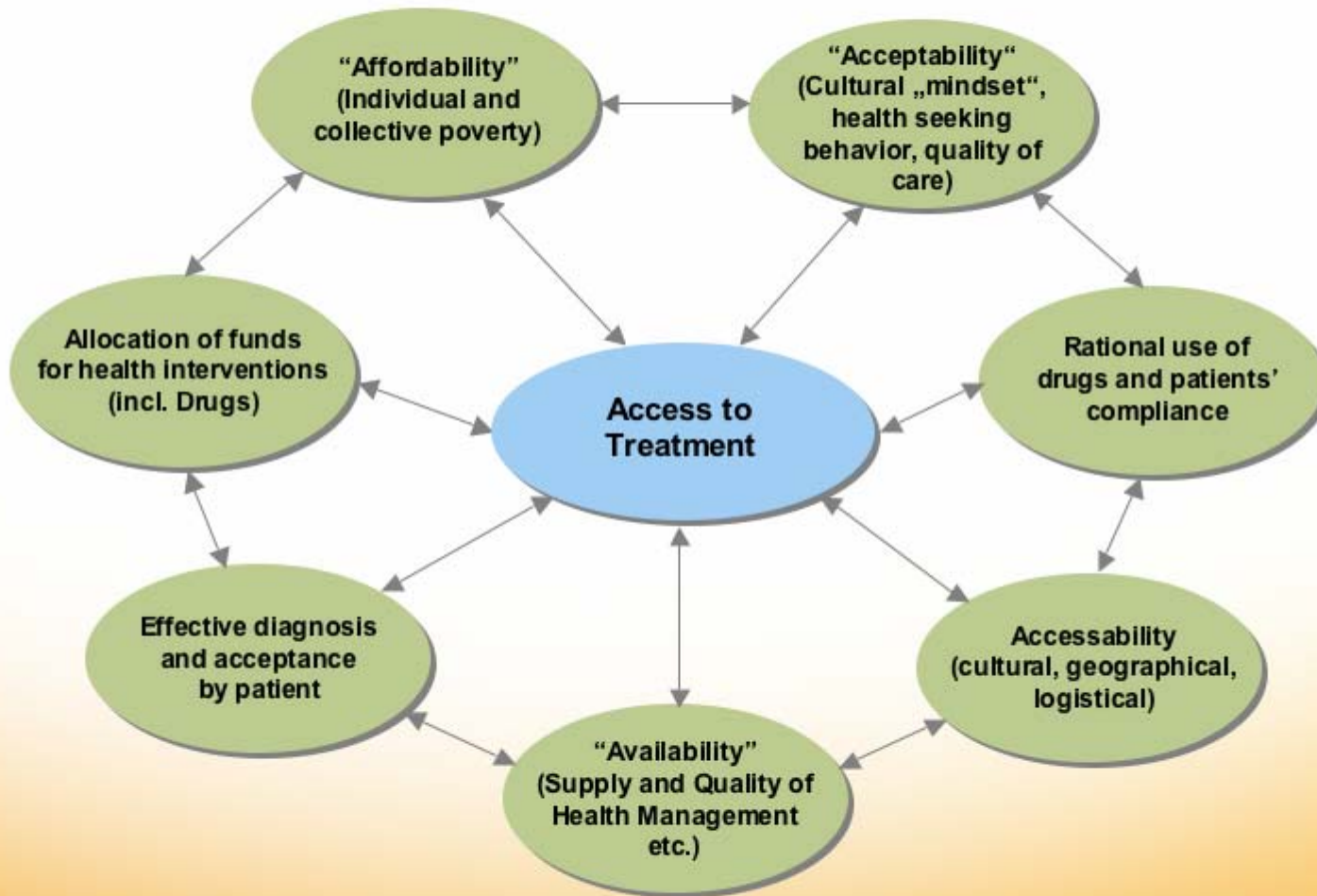
14 million children die every year due to preventable diseases



Poverty and Health: A Vicious Circle



Determinants of Access to Treatment: A Multicausal Affair



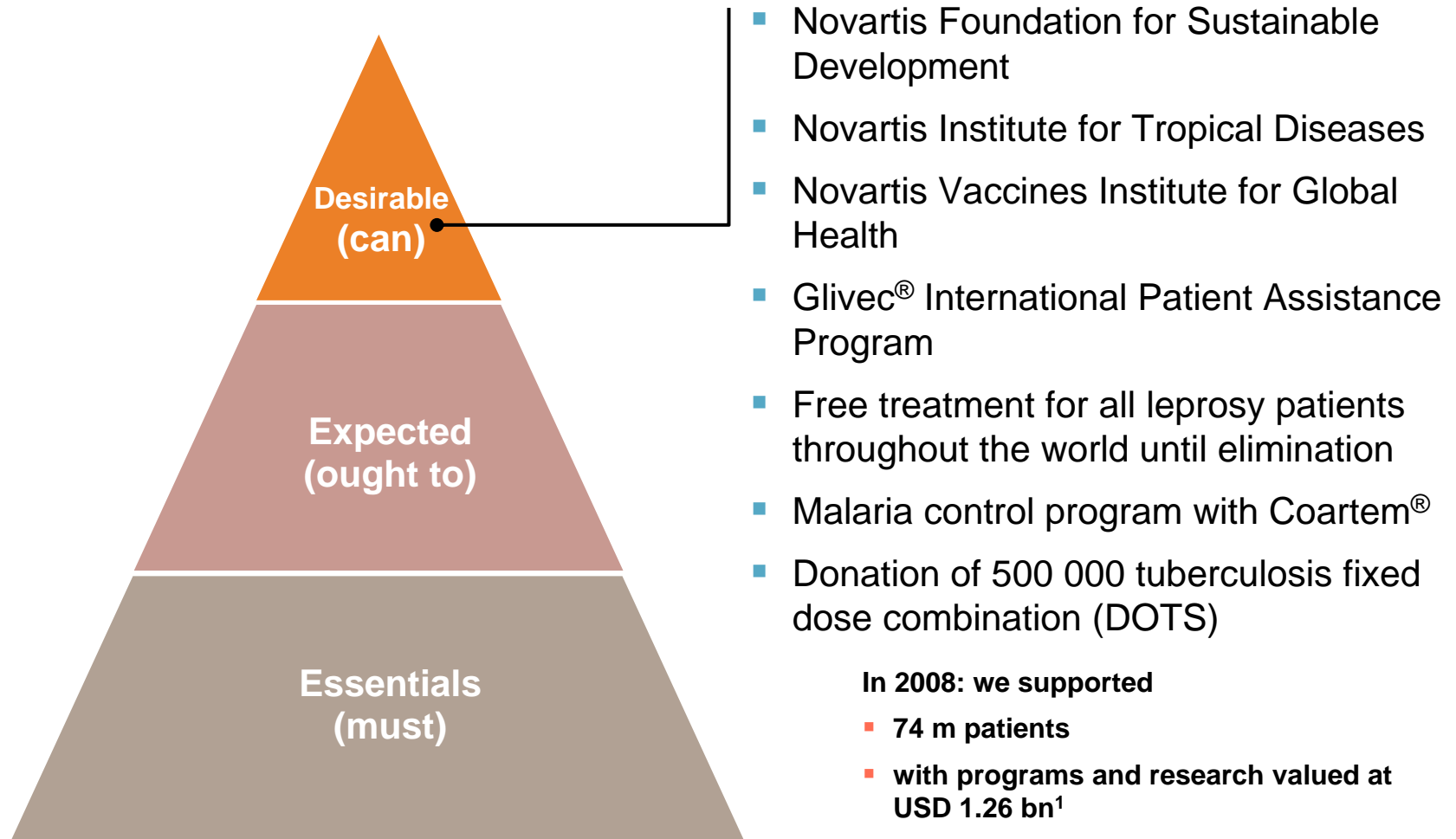
Issues for Corporate Reflection

- ✓ What is a fair and sustainable corporate contribution to improvements of the access to medicines under conditions of market failure?
- ✓ Under which conditions can companies do what for whom until when?
- ✓ What are “essentials”, what are “desirables”, where are the limits?
- ✓ Which stakeholders can become member of „solution-teams“ for specific problems?

Corporate Responsibility Tools to improve „Access to Medicine“ under conditions of market failure

- ✓ Differential Pricing;
- ✓ Licensing for market failure;
- ✓ Corporate Philanthropy incl. Donations;
- ✓ Pro Bono Research;
- ✓ Screening of Patent Library;
- ✓ Program Co-operation with Development Institutions
- ✓ Management Support (Human Resources, Logistics, etc.)
- ✓ Other innovative and creative private sector skills and methods.

The hierarchy of corporate responsibilities: The “can” - Dimension



¹⁾ at approx. Market Value i.e. 3% of net sales

Poly-contextural issues necessitate „multi-stakeholder-solution teams“

And yet: The „Human Factor“ in NGOs and UN agencies seems not exactly to favor cooperation with the private sector:

- ✓ Resistance of staff members caused by underlying fears and “serious and distinct negative” (1) stereotypes about the business community;
- ✓ Belief that „business community cannot share the same values“ - 95% of staff qualified the UN as ethical, respectful and honest – the same traits were ascribed to business by only 10% of respondents (2);
- ✓ Prejudice that „Engagement with the UN is „to improve image and for PR reasons“ (2) (as if that would matter if poor people are made better off...)
- ✓ Fears about status, loss of power, loss of control or independence (2);
- ✓ Emphasis on and hiding behind bureaucratic rules instead of focus on results and concrete solutions.

Achievement of Millennium Development Goals necessitates systemic partnerships of all responsible actors which again need a changed mindset

Sources: (1) Laufer Green Isaac (2004) Hidden Agendas: Stereotypes and Cultural Barriers to Corporate-Community Partnerships;

(2) Linda Merieau: The Human Factor: Addressing United Nations Staff Perceptions of the Business Community when forming Cross-sector Partnerships In: Journal of Corporate Citizenship Issue 31 (autumn 2008) pp.23ff.

“Us versus them” attitudes causes harm to the world’s poor

- ✓ Only if all “access to safe and quality health care”- stakeholders cooperate in a constructive and efficient way, can innovative, effective and sustainable solutions be found;
- ✓ National governments, the international community, medical professionals, civil society, patients and companies must create functioning networks for innovative joint ventures (proof of concept and blueprint for up-scaling) ;
- ✓ Robin Hood versus Sheriff of Nottingham attitudes prevent enlightened coalitions for the benefit of the poor;

Why deal with Access to Medicines issues beyond market demand?

Because it is the right thing to do:

You cannot have a first class economic performance and be perceived not to care about preventable mortality and morbidity.

Plausible arguments for a “Business Case”

Applied Corporate Responsibility for Access to Medicines is likely to

- ✓ Save Lives and prevent morbidity by providing innovative solutions;
- ✓ Be “part of the solution” of one of the most difficult social issues;
- ✓ Engender employees’ motivation and identification;
- ✓ Enhance the attraction of the corporation as a partner for cooperation, ethical investment, excellent people, and critical customers).