

Why Business Must Change to Earn Back Trust

Remarks of Jeff Kindler
Chairman & CEO · Pfizer

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Pfizer is a proud member of the British business community. We began operations here in 1952, the year that Queen Elizabeth came to the throne. Following a recent acquisition, I am proud to say that Pfizer is now the largest supplier of medicines to the National Health Service.

Our ties to the United Kingdom were born in the hour that forever sealed the friendship between your country and mine. In the years between the two World Wars, a miracle drug was discovered—penicillin. It was the first real defense against bacterial infection, and it held the promise of saving millions of lives on the fields of battle. But producing that miracle was slow and laborious.

As the Battle of Britain raged, and the bombs of the *Luftwaffe* landed, just yards from where we now stand, penicillin was still being produced one dose at a time. It took precious time – time that the

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Allies simply did not have. So the British and American governments issued an urgent appeal to chemical manufacturers: Help us find a way to make more penicillin, faster.

Pfizer stepped up, and our scientists soon discovered a way to mass-produce it. We bought an old ice plant in New York, and our employees worked around the clock to convert it into a penicillin factory. Our chairman posted a sign that read, “The faster this building is completed, the quicker our wounded men get penicillin, the new life-saving drug.”

Within four months, Pfizer was producing five times more penicillin than originally anticipated. In the end, more than 90 percent of the penicillin that the Allied forces carried ashore on D-Day was made by Pfizer.

This story still inspires our people today, and not just because we are proud that our company contributed to the war effort. It inspires us because it recalls a time when countries, and governments, and businesses came together, in common cause, for something larger than themselves.

The Lost Spirit of Common Cause

It was a time when everyone trusted everyone else to do the right thing. It’s a time that today seems very long ago indeed, because that spirit of trust and common cause has evaporated. It’s up to all of us to earn it back, starting now.

Today’s theme is “The Shape of Things to Come.” But for many of us in business and in government, the shape of things to come may not be the same as the shape of things that we *want* to come. If we fail to change, then the shape of things to come will not be pretty, for our companies or for society as a whole. And if you think you’re exempt, you are wrong.

If we fail to change, then the real and legitimate anger that people around the world are feeling will lead to policy changes that could damage the competitiveness of the U.K., Europe, and the United States and put the long-term prosperity of our people at risk. Elected officials will be defeated, and businesses will face limits on their licenses to operate.

We’re already starting to see this. Over time, it will mean lost opportunities for the private sector innovation that can create jobs and rebuild the economy.

The reason is clear: In Europe and the United States, nearly two-thirds of people say they trust corporations less now than they did a year ago. The numbers are even worse for governments. But we *can* turn things around, and earn back trust ... and that’s what I’d like to talk about today.

Now, if you read the papers, you may know that my company recently paid a very significant fine on a compliance charge in the U.S.

So you're probably asking yourself, "Jeff, who are you to talk about trust?" That's a fair question. That case centered around some of our sales people improperly promoting one of our medicines for uses that the U.S. government had not authorized.

As a result, we were prosecuted, and we pleaded guilty to a felony. We paid the U.S. government \$1.8 billion dollars to settle the case, and another \$500 million to address other pending civil matters.

We announced the final settlement in September. It was a blow to our employees. It didn't reflect the company they know. Our friends and family members asked us all, "What is going on at Pfizer?" The real question was usually left unsaid: Is Pfizer no different from the countless other institutions that have violated the public's trust?

Lately, it seems to be happening more and more. Just over the past year, an accounting scandal

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forced out the Speaker of the House of Commons. That hasn't happened since 1695. In the U.S., the Illinois Governor was arrested, impeached, and thrown out of office for influence peddling. A member of Congress was convicted of accepting bribes and storing the cash in his freezer.

Business hasn't done any better, from reckless risks with other people's money, to Ponzi schemes, to insider trading, and more. Many large banks and automakers now owe their very existence to bailouts that taxpayers paid for. The people we serve are angry because the companies that failed over the past year were rewarded, and regular people had to pay for it.

It's been "a year unlike any other," as the public relations firm Edelman called it in their "Trust Barometer" survey. That survey showed levels of trust in business and government dropping to new lows.

It's easy to see why. Across society, people have come to believe that the rules meant to bring order to society instead are manipulated to benefit the rule-makers. It has become so widespread that

having questionable ethics is practically seen as the norm. In fact, doing the *right* thing now seems quaint and old-fashioned when so many people seem to get away with doing the *wrong* thing.

People have had enough, and the backlash is real. It's fueling demands for more restrictions on business and governments. People say, "Banks should risk less, and pay their executives less. Oil companies should drill less, and burn less. Drug companies should charge less, but *not* do less R&D." Sometimes, this criticism is warranted. Sometimes, it's not. But when the majority of people don't trust you, they'll find a way to *force* you to change.

It's Up to Us to Earn Back Trust

So this is where we are. And it's up to us to earn back the trust that we've lost. It will take a lot of time and energy. We have to start by letting people know, "we hear you." This new era of responsibility starts with acknowledging where we've gone wrong, showing that we're making real changes, and demonstrating that we are willing to work together to address society's most urgent problems.

At Pfizer, we've begun to change. We know we need to be straight with people. No one has any tolerance for corporate spin. So, we're disclosing more information than ever. You can go to the Web to see how we compensate doctors outside our company, the progress our scientists are making, the results of more than 1,000 trials of experimental new medicines, and the outcomes of studies of medicines that are already on the market.

We've changed the way our salespeople interact with physicians. The golf trips are long gone. No more fancy dinners, or tchotchkes left in the doctor's office. Fewer representatives in the waiting room, more training, and a greater focus on providing up-to-date information about the medicines physicians prescribe.

Meanwhile, we're expanding our work for people who cannot afford our medicines. Seventy percent of the world lives on less than \$3,000 a year — four billion people. In the past, we've reached them through philanthropy. As just one example, Pfizer has given away 87 million treatments of Zithromax over the past few years to treat the infections that cause blindness in poor countries. This has helped eliminate trachoma, the leading

cause of preventable blindness, in many places. In fact, the WHO has set a goal of eliminating this terrible disease from the entire Earth by 2020, and we're going to help make that happen.

But we know that philanthropy alone isn't enough. So we've also created a new business dedicated to creating a marketplace, one that's *not* dependent on charity, and that *will* provide people living in the developing world with affordable medicines in a socially responsible and sustainable way. And we've created another business to expand access to generic medicines around the world.

These are all important changes. They are the right thing to do. But we have to do more.

We completed our \$68 billion acquisition of Wyeth last month. It was the first major M&A deal since the economy collapsed in September of last year. The combination created a much larger and more diversified health care company. It gave us a unique scale and global reach. It gave us an unmatched portfolio of health care solutions for every stage of life, from pre-natal vitamins and infant formula, to vaccines and preventive care, to treatments for Alzheimer's.

We're obviously very excited about the greater ability to make a real difference. But we also stepped back and asked ourselves some fundamental questions. That's something we all should do regularly.

Making Commitments

We asked ourselves: How can we uniquely serve the world's health needs? What can we do that no other company can do? And what responsibilities come along with that?

At Pfizer, we've made seven commitments to ourselves and to the people we serve, who are all of you. They are unique to what we do, and no other company could make them.

First, we have committed to advancing wellness, prevention, treatments and cures, because health is one of the most important investments a society can make. It's time to move beyond simply helping people get better after they get sick. Shouldn't we help them keep from getting sick in the first place?

Most of us try to take care of ourselves first, before going to see a doctor. This usually starts with products like Robitussin for cough and cold, or Anadin for the aches and pains the weekend rugby warrior gets from overdoing it. When people take care of themselves in these ways, they feel better. They also reduce the burdens on health systems, and that saves money for all of us. So as a society, we have to do more to advance health and wellness at every stage of life.

As a society, we have to do more to advance health and wellness at every stage of life. For babies, this means improving nutrition, especially from birth to age two, the critical window for growth and behavioral development.

For children, wellness can mean a vaccine that can prevent invasive pneumococcal diseases, such as meningitis. Wellness means getting this vaccine on national immunization programs because these preventable diseases take the lives of up to one million children every year, before they even reach age five.

Wellness means recognizing that vaccines aren't just for children. They can help adults too.

In fact, European regulators are now reviewing a new version of our pneumococcal vaccine that can prevent infections that are resistant to current treatments. This will be a major advance, and we hope one day to extend it to help older adults who are susceptible to life-threatening infections.

Our second commitment is to bring the best scientific minds together to challenge the most feared diseases of our time. Solutions are within reach to some of the world's most serious health problems. Biopharmaceutical companies around the world are now studying more than 860 potential new medicines to treat cancer. More than 2,000 medicines are now being studied to treat the conditions that affect older people, including Alzheimer's. It's a terrible condition, yet science knows relatively little about it. Our researchers come to work every day to advance this science, hoping to help the people they love by one day finding new ways to treat Alzheimer's, and even prevent it.

And when we can't quite do it alone, we'll even *join with our competitors* to advance science and health. We did that earlier this year when we split off our HIV business. GSK did the same, and we combined

them together to create a new specialty health care company, called Viiv Healthcare. Viiv will be able to seek new health solutions in ways that neither company could do alone.

Third, we have committed to setting the standard for quality, safety, and the value of medicines. If we ask people to put our products in their bodies, then people deserve to know they are safe, that they work, and that they are worth it.

We do this through a world class medical organization. But our work extends beyond the medicines we make, because a global economy requires us to be vigilant to ensure that people are protected from counterfeit medicines.

One British newspaper reported that as many as eight million counterfeit pills may have made their way to NHS patients last year. In fact, the World Health Organization estimates that about 30 percent of all prescription drugs on the market are fake. Most people don't know that, so we're trying to get the word out.

You might have seen the advertisements that Pfizer ran in cinemas here in the U.K. earlier this year. The ads showed the dangers of counterfeit medicines, and we deliberately made them shocking. One showed a man taking a pill and then coughing up a dead rat, because some counterfeit drugs contain traces of rat poison.

We're also working on enforcement, partnering with customs officials and the Home Office border agency to police the supply of medicines coming into the U.K. The health and safety of the people who use our products depends on it.

Fourth, we have committed to using our global presence and scale to make a difference in local communities and the world around us. Selling medicines is not enough. People expect us to respect and support their communities, to act ethically, to practice environmental stewardship, and to support responsible public policies.

Here in the United Kingdom, these include policies such as those outlined by the Office of Life Sciences in the Blueprint that Lord Drayson, Lord Mandelson, and others have advanced. This plan aims to create jobs and strengthen the British economy, by improving the operating environment for the life sciences sector. It grew out of a close partnership between Government and industry, one

that aims to support the NHS in its drive for innovation, and deliver a higher standard of care for the British people. The plan is in its early stages, but I hope it will prove to be a model of productive cooperation between business and Government.

Fifth, we have committed to promoting curiosity, inclusion, and a passion for our work. Together, these traits generate the scientific innovation that leads to new treatments and cures.

For example, we have one group of scientists who are studying a genetic condition that keeps people from being able to feel pain. You see this in parts of the world where people are able to walk on burning hot coals without feeling any pain. This can badly disable the people living with it. So we are working to identify the genetic defect that triggers this. The science behind this unique and rare medical condition could unlock new solutions to help millions of people who live with chronic pain. That would be a tremendous medical advance.

And it all starts with curious scientists, working in a place that encourages learning about diverse cultures, and bringing deep passion to their work.

Sixth, we have committed to being a leading voice for improving everyone's ability to have reliable and affordable health care. It's the right thing to do morally and economically.

In every part of the world, we have a responsibility to work in partnership with governments and NGOs to expand access to quality care. Let me highlight some ways we're doing this.

In emerging economies such as China, living standards could improve by a hundred fold, within just a single generation. So China has launched a massive reform effort to expand access to care, particularly in its remote areas beyond the large eastern cities. This will create more need for more doctors and researchers. So, Pfizer is helping train scientists at Fudan University and the Shanghai Institute for Biological Sciences.

In Bangladesh, we're working with Professor Muhammad Yunus, to expand access to health care using the model of Grameen Bank. That's the micro-finance bank he founded to help entrepreneurs obtain loans, start small businesses, and lift themselves out of poverty. This is the first step toward better health, and we want to help take the next one.

And around the world, we're working with former U.S. President Bill Clinton's foundation to reduce the cost and expand the availability of an important antibiotic used to treat tuberculosis in people living with HIV/AIDS.

Finally, we have committed to maximizing our financial performance so we can meet all of our commitments to all who rely on us. This may be the most important commitment, because all the others depend on it. We can meet the other commitments *only* if we deliver strong and sustainable business performance.

In much of health care, this matters because only private business can do what we do. That's because since World War II, the ability to manufacture medicines on a vast scale, and distribute them widely, has been the single most significant improvement in health care. But the research and development that leads to new and clinically relevant advances is painstakingly slow.

While we are taking clear steps to improve our R&D efficiency, bringing a new medicine to market still takes more than a decade, and costs more than \$1 billion. For every one medicine that makes it, another 10,000 research projects fail along the way. That's simply the reality of science, and only a for-profit business can take on risks like this. Because no public official could tell voters, "We failed 10,000 times and succeeded once." They'd lose the next election 10,000 votes to one.

But for us, this is just how business works. Because the risks are so high, the companies and the investors that take them deserve to be compensated for them. That's why we *have to* maximize the financial performance of our business. Everything we do depends on it.

We've said to our stakeholders: Here are our commitments. Measure us not by what we say, but by what we do.

Our success depends on scientific advancement, bringing relevant new products to a changing global marketplace, and strong business performance overall. But it depends just as much on the type of business we run and on whether people trust us. That's an important reason why we have made these commitments.

We know the stakes are high. If we don't do what we say we'll do, we'll lose trust even further. Then we could lose customers or face more legal problems. But most of all, everyone will lose out on new opportunities to add more years to people's lives and life to their years.

This is not unique to Pfizer. It's true for you too, whatever industry or public office you're in. So it's up to each of us to earn back trust. Everyone has a role, even if you didn't contribute to the problem.

Step one, is to acknowledge that there is a problem. Then, we all have to demonstrate our commitment to doing things differently, by taking actions that focus beyond our bottom line to serving society as a whole.

The British and the American people want a return to the days when countries, governments, and businesses came together in common cause, for something larger than themselves. It's up to us to make this happen. It's the right thing to do, and our success depends on it, even our survival.

I believe this very deeply, and that is why I am grateful to everyone at the Confederation of British Industry for inviting me here today to share these thoughts.

