

Transparency

... & Trust

**Tenth Annual Pharmaceutical Regulatory & Compliance Congress & Best Practices Forum
Track III – Transparency & third-Part compliance Requirements**

November 11, 2009

Transparency and Third Party Compliance Requirements



**Why are we being asked
to be “transparent?”**

**Why should we care
about trust?**

Many Different Windows ...



Funding:

- Payments to HCPs
- Professional Education
- Patient Groups and Other Healthcare 501c3s
- Institutional Relationships

Product Data:

- Clinical Trials Registration & Results
- Sharing of Data with External Researchers

Environmental, Social & Governance Policies, Goals & Reporting

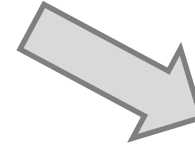
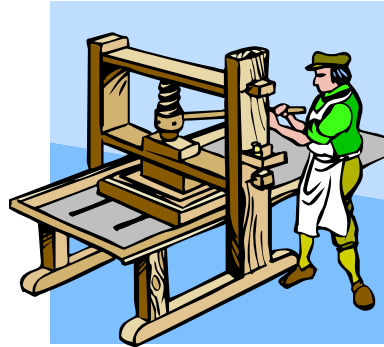
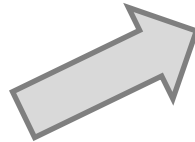
Political Activity

- Contributions to Candidates
- Lobbying Positions

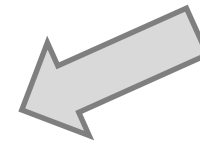
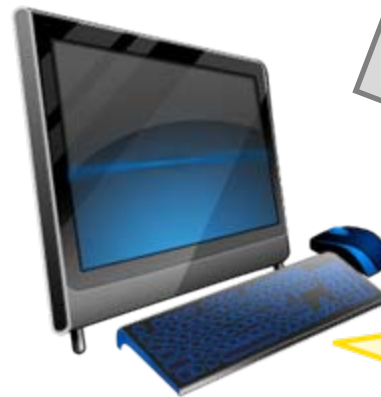
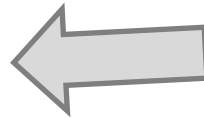


Why are we being asked to be “transparent?”

A Look Back ...



**The Age of
"Show Me"**



Computer power
doubles every 18 mos.;
storage, every 12 mos.;
communications,
every 2-3 yrs.

**Bank
bail-outs**

**Wall
Street
insider
trading**

**China:
Melamine-
laced baby
formula**

**Bernie
Madoff**

Trust in business is low

**Auto execs
jet to DC
for help**

Enron

**Military
contractor
scandal**

Corporations

State of Trust ...

Public trust in corporations to do what is right remains low

- Jan. 2009:

- 62% of informed public in 20 countries trusted corporations less than a year earlier
- Only 38% in US trusted corporations (lower than post-Enron)
- 30-40% trust in Europe
- Emerging markets = higher trust

- June, 2009 ...

- US: 48% trust, but still down from 58% a year earlier

- Government, media also continue to rate poorly

- NGO's most trusted**

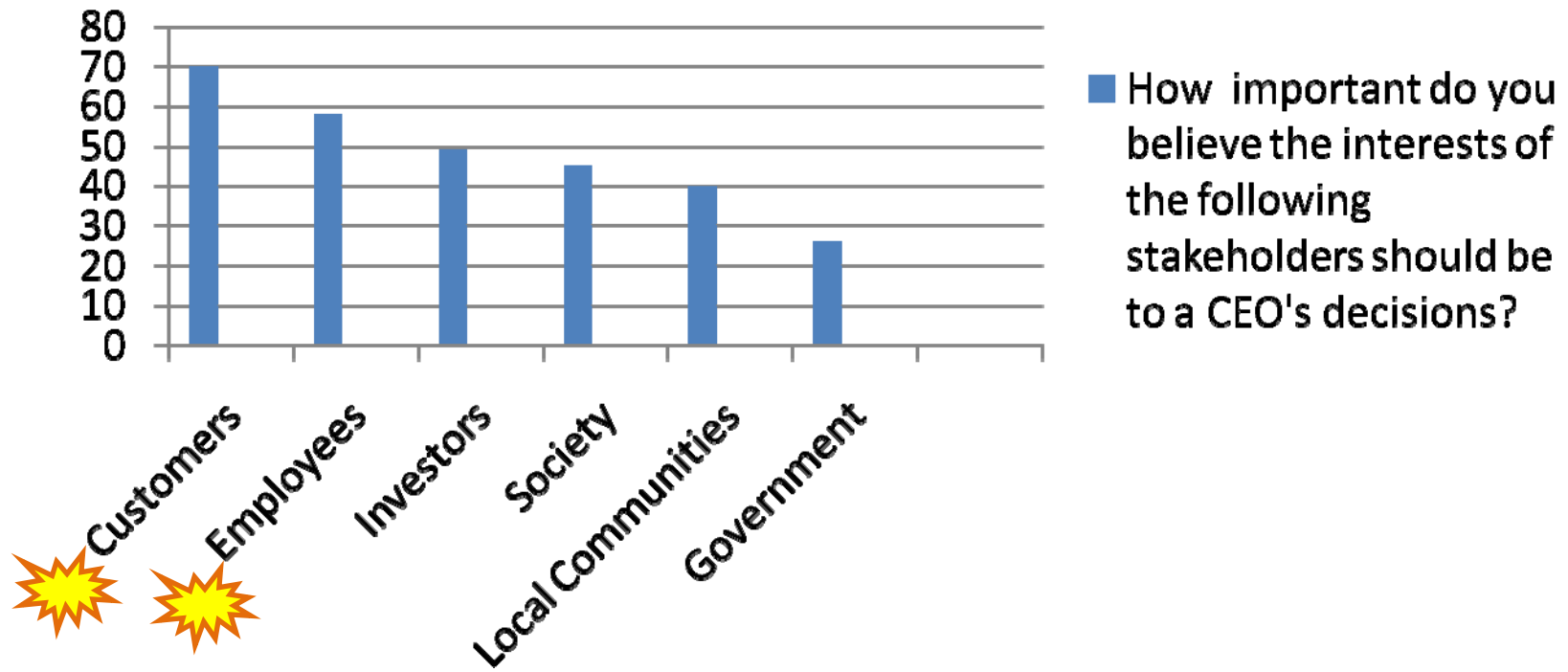
Edelman Trust Barometer, 2009

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Public Affairs & Corporate Citizenship

Public View: Stakeholders First ...

- From “the social responsibility of business is to increase profits” (M. Friedman, 1970) to ...



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While Rx industry standing is better than any time since 2004



Especially regarding industry's role re access & affordability ...

Cost & access remain issues, and ...

Some dimensions of reputation are unchanged or have worsened especially those relying on trust



Too much power & influence



Sells Drugs without regard to health

- Majority say information is not honest, trials not conducted responsibly, companies do not ensure safety of product
- More than a third say doctors are influenced
- More than half say marketing is a “big problem”

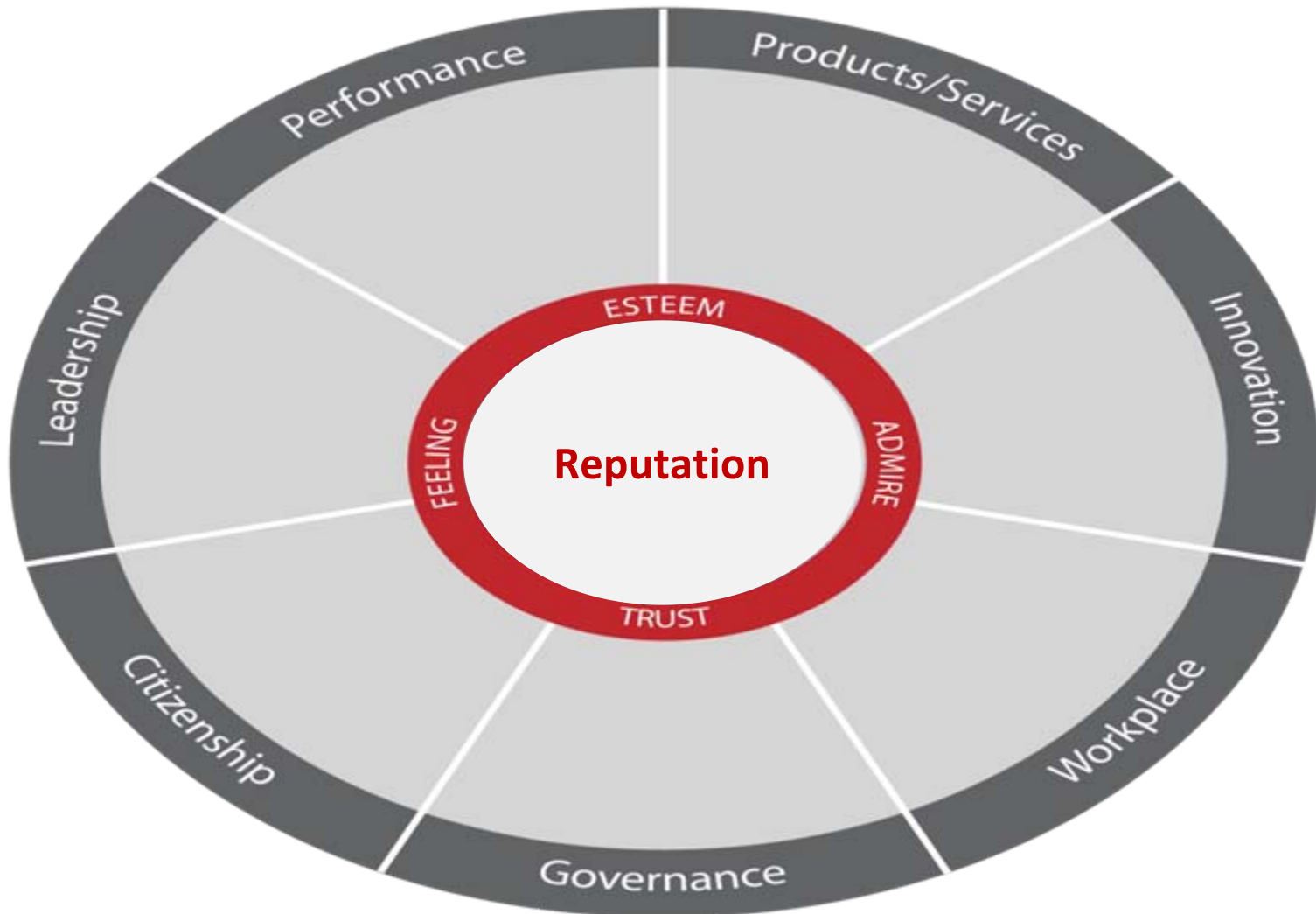


Conducts science that is self serving & suspect

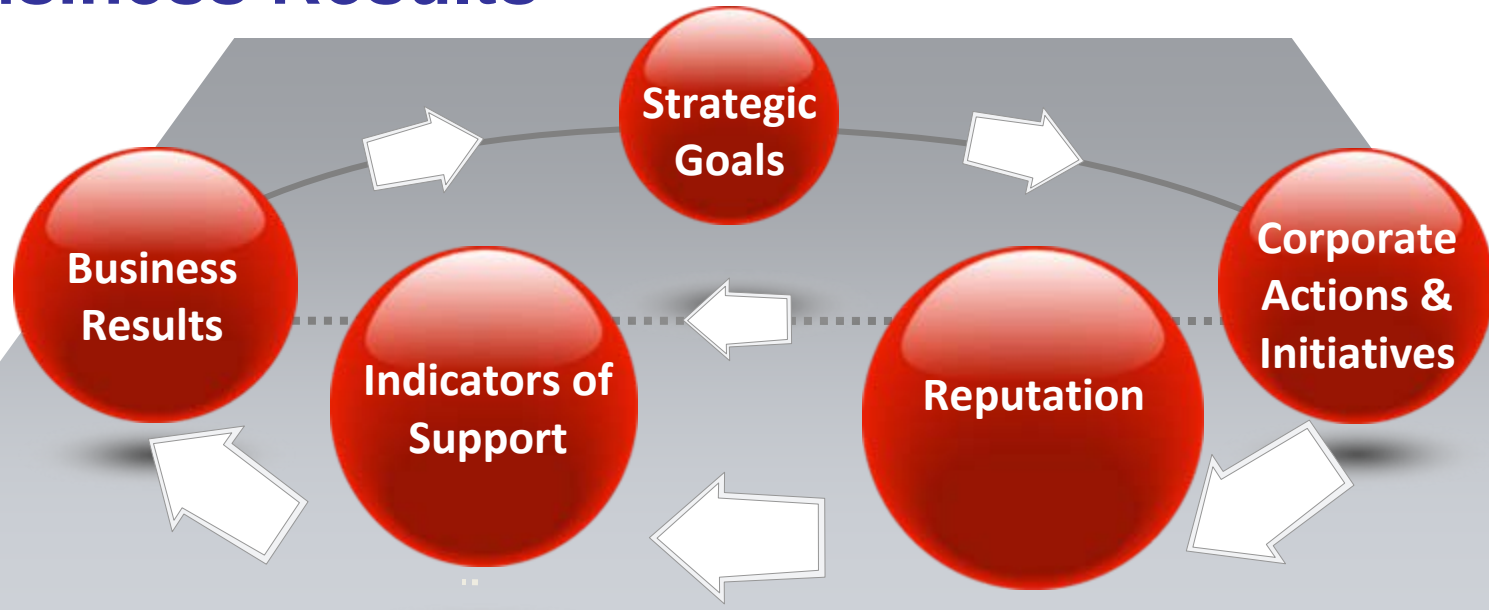


Why should we care about trust?

Trust is at the Core of Reputation



Reputation Leads to Supportive Behaviors, ... & Business Results



- Products Sales
- Investment
- Employment
- Recommendation of company or products
- Favorable Media Coverage & representative quotes
- Ability to Operate
- Regulation
- Access to Policy Makers

Distrust
Damages
Reputation

Across Industries , Research Shows that a

Lack of Trust ...

- Damages corporate reputation
- Reduces consumer spending
 - 77% refuse to buy from company they distrust*
 - 91% buy from a company they trust & 55% will pay a premium*
- Harms company's ability to operate
 - Reduces support for company presence in market, favorable change in laws / regulations, preferential tax or other government treatment, permission for foreign investment
- Drives government desire to regulate
 - By a 3:1 margin people around world say government should regulate corporations or nationalize companies to restore public trust*

Edelman Trust Barometer, Jan.,

2009

11,11,2009

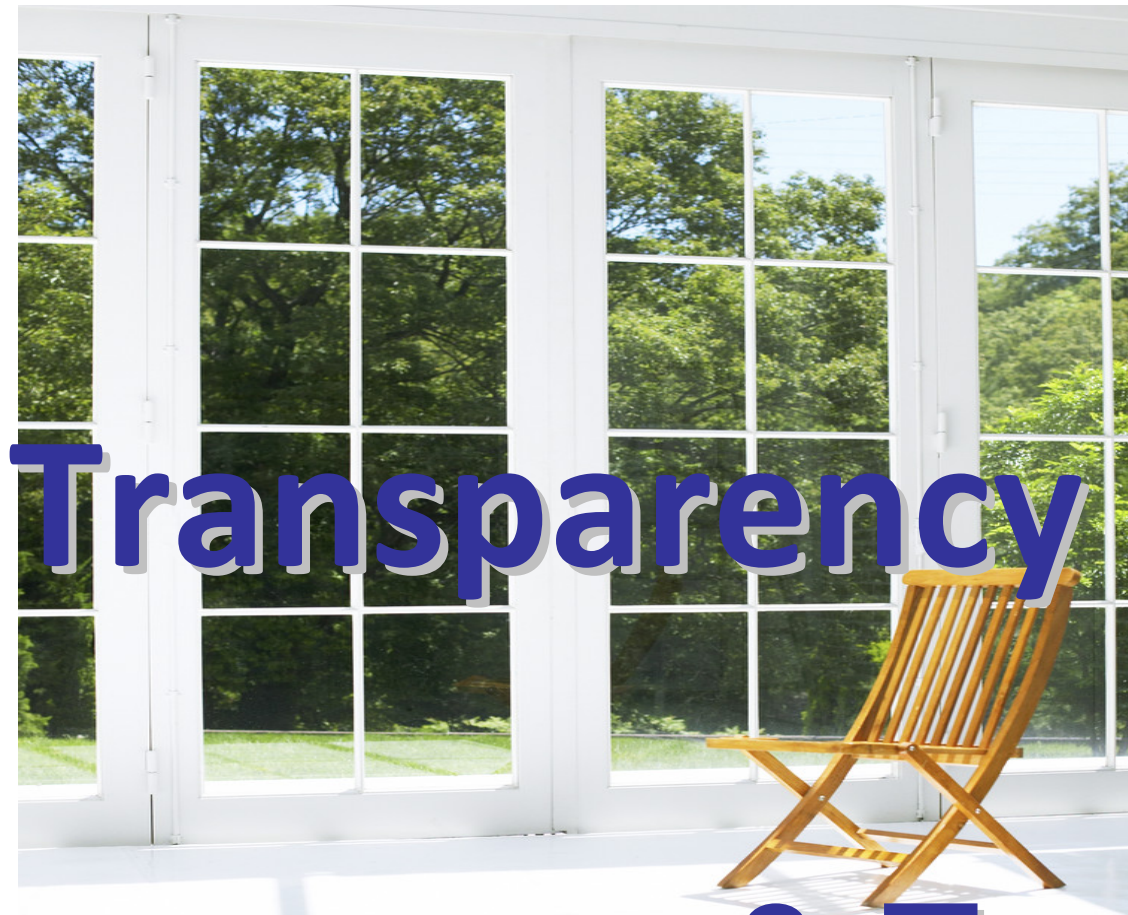
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Transparency Enhances Trust

Would you trust a company more for taking the following action?



Edelman Trust Barometer, 2009



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