

Civil Justice Reform

Good Government Relations: For Pfizer, Corporate Citizenship And Teamwork Are Important

By Richard H. Bagger

Editors Note. This article is based on remarks made by Mr. Bagger at the Joint Luncheon Program of The Metropolitan Corporate Counsel and Lawyers for Civil Justice on December 16, 2003.

I want to express my thanks to *The Metropolitan Corporate Counsel* and *Lawyers for Civil Justice* for the opportunity to participate in this roundtable today. Thank you for all the work you do on behalf of civil justice.

Fortunately, it is easy for me to discuss corporate citizenship and its impact in the legislative arena because Pfizer has worked hard for many years to be a leader in corporate citizenship. We do this because it is part of our values as a Company; it is part of who we are.

Corporate citizenship at Pfizer has several components:

- Putting the patient first and making sure patients in need have access to the medicines they need;
- Excelling in corporate governance;
- Engaging in stakeholder dialogues and partnerships, with allies and critics, to help inform our business decisions and educate stakeholders; and
- Working to strengthen the communities in which we work and live.

At Pfizer, outstanding corporate citizenship is a fundamental part of our business model. A new study by the Geneva-based International Institute for Management Development concluded that more social responsibility is expected from the pharmaceutical sector than from any other industry. I do not think that is not asking too much of us, because our company's mission is to extend and improve the lives of patients around the world.

Let me offer just a few examples of Pfizer's commitment to corporate citizenship:

- Pfizer's efforts to combat the global tragedy of AIDS through a series of partnerships with governments and non-governmental organizations to provide medicines at no cost, build health infrastructure and send Pfizer colleagues with expertise in public health and infectious diseases to countries most impacted by the AIDS pandemic.
- Pfizer's pharmaceutical assistance programs in the United States that provide over one million Americans with access to the innovative medicines they need.
- Pfizer's worldwide leadership in corporate philanthropy, recognized by the *Chronicle of Philanthropy* for the last two years as the world's leading corporate donor.

But we have learned that all the good corporate citizenship in the world does not help our reputation if no one knows about it. So in addition to leading in corporate social responsibility, we are now taking new steps to educate and



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engage key stakeholders, including legislators, advocates and our shareholders in these activities.

Pfizer's first-quarter 2003 business performance report included more than financial results. It also described Pfizer's efforts to expand access to medicine and demonstrate good corporate citizenship. As our Chairman and CEO Hank McKinnell said: "We want to be judged by our business results, by how we work in partnership to increase access to medicines for patients today and tomorrow, and by our commitment to corporate citizenship."

We are reaching out to federal and state legislators, as well as thousands of community based non-profit organizations, to inform them about Pfizer's commitment to providing access to medicines and involve them in making these programs available to their constituents and communities.

But our industry's public standing is still not what we believe it should be. And the perception of corporations and pharmaceutical companies in particular creates challenges for those of us who work with government officials.

At times, these perceptions have also emboldened the trial bar, not just in courthouses, but also in state houses.

For example, in Mississippi during a special session called to enact tort reform, the personal injury lawyer lobby tried to take a step backward and add defendants who could be sued for the sole purpose of keeping litigation in Mississippi state court. They also sought to require other defendants to assume the remaining liability for a damage award once the physician reaches the non-economic damage cap provided in medical liability reform legislation. These anti-reform measures were stopped in Mississippi, but similar personal injury lawyer lobby efforts continue in other states.

However, last year, the medical liability insurance availability crisis was the impetus for genuine civil justice reform efforts in Congress and virtually every state.

At Pfizer, we had just a few months earlier established a cross-functional team including our Legal Division and Corporate Affairs Division to develop

and launch a national civil justice reform strategy.

Our General Counsel Jeff Kindler and Chuck Hardwick, the head of Pfizer Corporate Affairs, created a civil justice team with representatives from our in-house counsel, outside defense counsel, government relations, public affairs and alliance development. We set goals for the team and set out to work closely together to accomplish them. Some of the goals were purely defensive. And other objectives we believed would take a concerted multi-year approach. Importantly, we agreed to focus on a few jurisdictions where fundamental reforms were needed but also built in the capacity and flexibility to support reforms in other states where the opportunity for success presented itself.

Soon after this team was created and identified Mississippi as a top reform priority, the Mississippi Governor called a special session to focus on civil justice reform. Then the issue began to pick up momentum across the country. Congress began serious efforts to enact medical liability reform, asbestos reform and class action reform. Other states quickly followed including Texas – another state we had identified as a priority for reform.

Our team mobilized all of Pfizer's capabilities and applied them to civil justice reform in a coordinated way.

What have we learned? I will share ten benefits of legal counsel and government relations professionals working together on civil justice issues:

1. Defense counsel are unquestionably the experts on civil justice reform legislation and are best able to assess the impact of various reform alternatives. Their real-world expertise is invaluable.
2. Getting used to the quick turnaround times required by short state legislative sessions is a challenge for defense counsel who are busy litigating cases.
3. Expertise developed in one state should be applied to addressing similar measures in other states.
4. With expertise from defense counsel and the focus provided by a cross-functional team, government relations professionals can be proactive on

civil justice rather than simply reacting to proposals as they emerge.

5. State medical societies are on the front lines of medical liability reform legislation. Working closely with medical societies helps build a broad coalition for reform that will improve access to health care and reduce health care costs while avoiding inadvertent pitfalls.

6. It is sometimes a challenge to focus corporate and trade association lobbyists on civil justice issues at the state level. This is often new territory for them because they are principally engaged on other issues.

7. Corporations and Political Action Committees need to consider whether to become more politically active in judicial elections. This is another area that benefits from cross-functional teamwork.

8. If there is a dramatic change in the political makeup of a legislative body that makes it advantageous for reform, act quickly to keep the momentum going.

9. Not all civil justice reform legislation is good legislation for the entire business community. Civil justice reform advocates need to understand the factors that would lead some supporters of reform to oppose a particular reform initiative.

10. Members of Congress and Governors understand the importance of an issue when a general counsel takes the time to call on them regarding legislation. It is important to have a general counsel who understands the importance of these issues and is committed to civil justice advocacy for the long haul.

As a registered lobbyist, a lawyer and a former legislator, I can offer you the perspective that emphasizing good corporate citizenship, establishing clear civil justice reform goals and creating a cross-functional team effort can improve a corporation's standing with elected officials and can help enact reforms so desperately needed by our legal system. I recommend creation of a similar team to any business that has civil justice reform as a strategic imperative.

*Next Month's Special Report:
Diversity – Part II will feature an
interview with Tom Sager,
Vice President and
Associate General Counsel,
DuPont Legal*