

How can investors drive generics companies to make access to medicine a priority?

6 key takeaways from London investor event as Access to Medicine Foundation launches new analysis

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On 19 October 2023, the Access to Medicine Foundation, together with co-hosts Nomura Asset Management, brought together a group of investors to consider the findings of the Foundation's first-of-its-kind assessment of generic and biosimilar medicine manufacturers. Investors attending the event in London reflected on how best to use their collective power to drive change in the generics industry, and shared experiences and valuable insights. Here, we have captured six key takeaways from this lively discussion, which can serve as a starting point for further action and collaboration:

1. There are real opportunities for investors in the generics industry. Investors can influence companies to realise their potential, both in terms of A) their potential to expand access to medicine, and B) their market potential. These points are intertwined. The panel of investors recognised that, by manufacturing generics at scale and supplying them at a relatively lower cost, generics companies can reach large populations in emerging markets who require quality-assured medicines, and who are increasingly able to afford them. If generics companies do invest in expanding access in low- and middle-income countries (LMICs) – for example, by launching their products in additional markets and taking intentional steps to make sure they reach the people who need them – then not only is there a positive outcome for patients living in these countries, but investors may see sustainable, long-term returns as sales volumes increase. Investors can also guide companies in improving their reputation globally by demonstrating their social value.

2. The Analytical Framework and Company Profiles are useful tools for investors. Investors have previously succeeded in leveraging the findings of the Access to Medicine Index to urge R&D based companies to prioritise access. An investor panellist shared that they heavily rely on the Foundation's work when tackling access, which can often be a technically challenging space to navigate. Now, investors can make use of materials published by the Foundation's new [Generic & Biosimilar Medicines Programme](#). Both the Analytical Framework (launched in February) and the Company Profiles (just launched) provide investors with an effective blueprint to guide meaningful engagements with generic and biosimilar medicine manufacturers. The Company Profiles look at five major players in the generics industry – Cipla, Hikma, Sun Pharma, Teva, and Viatris – and identify specific opportunities, which investors can now use to push these companies to improve access to their products in LMICs, for example by expanding local manufacturing capabilities and effectively engaging in product licensing as sublicensees. The standout examples highlighted in the report can be used to drive change in the wider industry, as can the Analytical Framework, which clearly sets out expectations of companies and defines what 'good' looks like. Investors discussed the usefulness of having this data and analysis at their fingertips.

3. Investors care about ESG, so generics companies will benefit from stepping up access to medicine in the long term. Investors are increasingly integrating Environmental, Social and Governance (ESG) factors

in their investment process. For pharmaceutical companies, the focus on access to medicine as a crucial part of the social pillar within ESG has grown rapidly, as demonstrated by the increasing number of shareholder proposals addressing the issue. Panellists stressed the importance of generics companies developing sustainable business models that consider access to medicine in LMICs, and the importance of prioritising this long-term opportunity over short-term returns, as companies that do this will be better positioned to adapt to regulatory changes and tap into new growth potential in emerging markets. By doing so, they will improve not just economic security but also health security, contributing to the mitigation of systemic risks – including, for example, new pandemics and antimicrobial resistance.

4. Investors play a critical role in ensuring that the Foundation’s findings lead to concrete change.

Investors can serve as a vital avenue for engaging with companies at the board level and securing the necessary board-level buy-in and endorsement to drive progress towards the outlined opportunities. Additionally, investors stressed the importance of pushing for small, achievable changes to expand access, citing product registration as an area of potential impact, for example by utilising existing mechanisms and pathways to facilitate registration. Investors can encourage companies to improve transparency in their reporting around access, enabling measurable analysis and comparison.

5. There are specific considerations concerning biosimilars. There has been a phenomenal wave of innovation in biologics, and biosimilars in particular can prove to be an attractive investment opportunity due to their strong post-patent growth rates. However, it is important to recognise that there are significant challenges that can inhibit access to these products in LMICs, including issues such as lack of affordability, regulatory challenges, and local availability. While companies often reference the commercial opportunities for biosimilars in their corporate strategies, there is a key opportunity for companies in the sector to be intentional about how they implement access to biosimilars in their business practices.

6. For investors concerned by antimicrobial resistance, engaging generics companies on this issue is key.

Another systemic risk that is affected by access to medicine is antimicrobial resistance, which is another area in which we collaborate with investors who recognise this as a major sustainability issue. The unavailability of the right antimicrobials at the right time is an important driver of antimicrobial resistance, and in many cases, it concerns generic medicines