

Novo Nordisk plans to reach out more

MD FAZLUR RAHMAN

NOVO Nordisk, the world's leading insulin producer, has recently launched three locally-produced insulin products not only to consolidate its geographical footprint but also to transfer technology and know-how to Bangladesh, a top official said.

"It is a requisite for us to pass on our knowledge to the local company we team up with," Maziar Mike Doustdar, Novo Nordisk's vice-president for the Oceania and Southeast Asia region, told The Daily Star in an interview.

"We operate around the 'triple bottom line' so we do not only run after financial goals. We spend a lot of our time, effort and money in giving back to the societies we operate in."

Doustdar, who was in the capital last week for the company's 50th anniversary in Bangladesh, said the country ranks eighth in the world in terms of diabetic patients, owing to its 8.5 million-odd sufferers.

"Of them, only 350,000 take insulin, substantially less than the number that should be," said the 42-year-old Austrian national.

"Unless they take insulin they will lead a life with lots of complications. We have to make sure that they take the right treatment," he said, adding that Novo Nordisk has a 75 percent share in the local insulin market.

It is with the view to reach out to the untreated diabetic population that Novo Nordisk teamed up with Eskayef Bangladesh Ltd, one of the fastest growing pharmaceuticals companies in the country, to produce high-quality insulin -- at an affordable price.

The products -- Mixtard 30, Insulatard and Actrapid -- will be produced locally by Eskayef.

"We want to ensure the products are not only within the reach of the rich -- but are affordable for the masses as well."

Doustdar said the Bangladeshi market is very important for the company.

"The country has treated us well, so we have felt obligated to stay and serve the society," he said.



Maziar Mike Doustdar

In Bangladesh, the company is now helping 1,500 children with diabetes -- who, otherwise, would have not been able to afford treatment for the disease -- obtain free treatment and insulin.

Their number would go up in the coming days, said the father of two.

He also cited Novo Nordisk's collaboration with Diabetic Association of Bangladesh (DAB) to raise awareness of the disease, as part of its social responsibility programme.

The close partnership, according to Doustdar, is the reason why Bangladesh is doing very well in its fight against the disease despite being a least-developed country.

"Plus, they [DAB] have been the major reason why we are successful here."

Doustdar said diabetes is a silent disease, which many are unaware of despite suffering from it.

Globally, about 377 million people are diabetic, but about half of them do not know they are affected with the disease.

"So, we do a lot of awareness campaign in Bangladesh. With the help of DAB, we conduct training for physicians so that they can better diagnose

the disease."

He said the change of lifestyle and food habit due to "prosperity and economic growth is, unfortunately, the leading cause for the rise in diabetic population" in Bangladesh, and also the world over.

The country's diabetic population is expected to double by 2030, according to DAB.

"Something has to change. The DAB, the government and other key stakeholders have to work together to change the path for diabetes."

Novo Nordisk, which controls over 50 percent of the global insulin market, feels they are "responsible for changing the path of diabetes for the best", said Doustdar, who joined the company 20 years ago.

"We aim to do that via a combination of a lot of research and training, awareness campaigns and by providing the best quality medicine."

The company recently announced a unique partnership to form Team Novo Nordisk, a global sports team with more than 100 cyclists, triathletes and runners who all have diabetes, spearheaded by the world's first all-diabetes pro-cycling team.

The Team Novo Nordisk will use life experiences and competitiveness to motivate people affected by diabetes.

"This partnership provides a tremendous opportunity to raise awareness, and educate, empower and inspire people with diabetes," said Doustdar.

Throughout 2013, these athletes will compete in more than 500 sporting competitions around the world.

"We want to give the message to the world that if you are diabetic you could have a very, very normal life. You could win an Olympic medal. The world is not coming to an end for you."

He added: "But, you have to know that you are diabetic and you have to be treated and treated well."

Headquartered in Denmark, Novo Nordisk is the largest Danish company in terms of market value and has now had over 40 consecutive quarters of double-digit growth.

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HSBC to pay record \$1.9b fine in money laundering case

REUTERS, London

HSBBC Holdings Plc has agreed to pay \$1.92 billion to settle a multi-year US criminal probe into money-laundering lapses at the British lender, the largest penalty ever paid by a bank.

HSBC admitted to a breakdown of controls and apologised in a statement on Tuesday announcing it had reached a deferred-prosecution agreement with the US Department of Justice, as was first reported by Reuters last week.

"We accept responsibility for our past mistakes. We have said we are profoundly sorry for them, and we do so again. The HSBC of today is a fundamentally different organisation from the one that made those mistakes," said Chief Executive Stuart Gulliver.

"Over the last two years, under new senior leadership, we have been taking concrete steps to put right what went wrong and to participate actively with government authorities in bringing to light and addressing these matters."

The bank said it expected to also reach a settlement with British watchdog the Financial Services Authority.

US and European banks have now agreed to settlements with US regulators totalling some \$5 billion in recent years on charges they violated US sanctions and failed to police illicit transactions.

No bank or bank executives, however, have been indicted as prosecutors have instead utilized deferred prosecutions.

The deferred prosecution agreement, when detailed by US Justice Department officials later on Tuesday, could yield new information about a failure at HSBC to police transactions linked to Mexico, sources familiar with the matter said. Details of those dealings were reported this summer in a sweeping US Senate probe.

HSBC's settlement also includes agreements or consent orders with the Manhattan district attorney, the Federal Reserve and three US Treasury Department units: the Office of Foreign Assets Control, the Comptroller of the Currency and the Financial Crimes Enforcement Network.

HSBC said it would pay \$1.921 billion, continue to cooperate fully with regulatory and law enforcement authorities and take further action to strengthen its compliance policies and procedures. US prosecutors have agreed to defer or forgo prosecution.

The settlement is the third time in a decade that HSBC has been penalized for lax controls and ordered by US authorities to better monitor suspicious transactions. Directives by regulators to improve oversight came in 2003 and again in 2010.

Russia backs down on proposals to regulate the internet

DUBAI, Reuters

A Russia-led coalition on Monday withdrew a proposal to give governments new powers over the internet, a plan opposed by Western countries in talks on a new global telecom treaty.

Negotiations on the treaty mark the most sustained effort so far by governments from around the world to agree on how -- or whether -- to regulate cyberspace.

The United States, Europe, Canada and other advocates of a hands-off approach to internet regulation want to limit the new treaty's scope to telecom companies.

But Russia, China and many Arab states, which want greater governmental control, have been pushing to expand the treaty beyond traditional telecom operators.

Representatives from about 150 countries -- members of the International Telecommunication Union (ITU) -- have been negotiating for the past eight days in Dubai on the new treaty, which was last revised in 1988, before the advent of the World Wide Web.

The Russia-led proposal could have allowed countries to block some internet locations and take control of the allocation of internet addresses currently overseen by ICANN, a self-governing organisation under contract to the US Department of Commerce.

An ITU spokesman said this plan had now been scrapped.

"It looks like the Russians and Chinese overplayed their hand," said American cyber security expert Jim Lewis of the Centre for Strategic and International Studies.

US ambassador Terry Kramer welcomed the decision to withdraw the Russia-led plan. But he also said: "These issues will continue to be on the table for discussion in other forms during the remainder of the conference."

China, Saudi Arabia, Algeria, Sudan and the United Arab Emirates had co-signed the aborted proposal. The UAE insisted the document had not been withdrawn.

"It may come down to the wire," said a Western delegate on condition of anonymity. "There are a lot of other (similar) proposals so I don't think this represents a substantial conclusion and could be just maneuvering."

The ITU usually takes decisions by consensus, but the intransigence of both sides means it could come to a vote in which the United States and its allies might be in the minority.

The United States' position is that the internet has flourished with minimal state interference. It wants this to continue, arguing that many of the proposed treaty changes could allow governments to stifle free speech, reduce online anonymity and censor internet content.

Russia and its allies have insisted they need new powers to fight cyber crime and protect networks.

Countries can opt out of parts of the revised treaty when it is finalised or even refuse to sign it

The talks are due to end on Friday.

After fire, Wal-Mart vows to tighten source safeguards

Vice president of the world's largest retailer talks about fire safety in Bangladesh

REUTERS, Chicago

A factory fire that killed more than 100 garment workers in Bangladesh has led the world's largest retailer, Wal-Mart Stores Inc, to concede that it needs to do more to control its supply chain and keep unauthorised manufacturers out.

In an interview with Reuters, his first since the Nov. 24 Tazreen Fashions fire, Wal-Mart Vice President of Ethical Sourcing Rajan Kamalanathan said the company's current controls could only go so far in preventing a factory Wal-Mart did not approve of from making its clothes, as was the case here.

"If a supplier or an agent chooses to subcontract without informing us, then that is a problem," Kamalanathan said. "We can put all kinds of controls in place, but if they don't tell us where they're putting our order, then that is a problem."

Wal-Mart has said repeatedly that its Faded Glory clothing should not have been in production at the Tazreen factory, a facility Bangladesh authorities said was not safe for use. The building was not cleared to be used by any party manufacturing garments for the world's largest retailer.

Wal-Mart says that in 2011 alone it audited over 9,000 factories globally to check whether its standards were being met. But still, Wal-Mart acknowledges it only controls its supply chain up to a certain point. If suppliers hired by Wal-Mart in turn hire agents who then line up production, the seemingly tight controls Wal-Mart has put in place can fail.

"We have a contract with the supplier and that's where our control is and where our relationship is," Kamalanathan said.

The lack of control down the supply chain represents a challenge not just for Wal-Mart, but for the industry overall, Kamalanathan added.

Companies such as Bentonville, Arkansas based Wal-Mart must figure out how get more involved in the operations of factories in countries such as Bangladesh, rather than hoping that contact with suppliers and factory audits will suffice.

"We are actively thinking about how to better work with suppliers who work with agents," he said. "This is something we are talking about internally and across the industry."

Among other things, retailers and clothing designers have been talking about the possibility of fire safety codes that would be written into contracts with suppliers, although those efforts are still at the early stages.

Wal-Mart established a factory certification program in 1992, focused on Bangladesh and China, currently the top two garment exporters in the world. Wal-



Rajan Kamalanathan

Mart says the program, which was established amid pressure on the company over worker rights, is dedicated to improving standards for foreign labor.

Since then, Wal-Mart has taken measures such as increasing factory audits, expanding the program to other countries, setting stricter standards for suppliers and lengthening the penalty period for disapproved factories to one year from 90 days.

Kamalanathan's team now includes more than 120 employees, plus third-party audit firms, with people based in Bangladesh, China, India and elsewhere. Kamalanathan says he visits factories "quite often."

Still, such efforts matter little when companies push their Wal-Mart manufacturing off to agents who then link up with factory owners and choose not to fill Wal-Mart in on which factory is being used - a key part of the agreements Wal-Mart has with its suppliers.

"It is a must that they disclose factories they use for our production. Once we know who these factories are, then we initiate the process for an audit to occur," he said.

Factories must address problems highlighted in Wal-Mart audits, which assign a rating of green for minor to no violations; yellow for medium risk, orange for higher risk and red for the most serious violations, which lead the company to sever ties with the factory.

Factories with orange ratings can go through an "Orange School" program for Wal-Mart to show them how to fix high-risk violations and get at the cause of the problem.

Wal-Mart said a May 2011 audit found violations at Tazreen, which led to the factory getting Wal-Mart's "orange" rating, and a subsequent audit in December 2011 again found violations that led to an "orange" rating. Tazreen did not participate in the Orange School, Wal-Mart said.

Tazreen was no longer authorized before the fire. Wal-Mart said that was for a variety of reasons, including poor audit ratings. Tazreen owner Tuba Group has said it was not aware it was making clothes for Wal-Mart at the time of the fire.

Kamalanathan has been Wal-Mart's vice president of ethical sourcing since 2002. He sits on the board of the Global Social Compliance Program, which was formed in 2006 and now includes more than 30 companies that work on measures such as developing a clear and consistent message for suppliers.

Some industry groups claim the push from Wal-Mart and other retailers for low-cost merchandise pressures factory owners to pay workers little and to cut corners on fire safety training and proper exits that would cost them too much.

At a meeting held in Dhaka in April 2011, participants including government representatives, trade union leaders, the Bangladesh Garment Manufacturers and Exporters Association and buyers discussed rules that would require factories to be paid prices high enough to cover the cost of safety improvements.

Amirul Huque Amin, president of National Garment Workers Federation, was at the meeting and said that, when the question of financing was raised, Sridevi Kalavakolanu, a Wal-Mart director of ethical sourcing, strongly opposed the move, saying it was not possible for "us" due to the high cost.

Wal-Mart vehemently denies such charges and said her remarks were taken out of context. It points to efforts such as its audit program, rating system and work with the Bangladeshi government, industry groups and suppliers as proof that it has been proactive in raising fire safety awareness and increasing fire prevention.

Wal-Mart operates on the premise that running its business on a low-cost basis leads to low prices for its 200 million weekly customers. The 50-year-old chain, founded by Sam Walton, now has more than 10,000 stores and its annual sales rose nearly 6 percent to \$443.85 billion last year.

Still, it contends that making factory improvements should not lead to sky-rocketing prices.

"Our policy is designed to create a supply chain that meets our standards and at the same time delivers high quality products at low prices. It is clearly possible to do both," Kamalanathan added.