

**Stakeholder dialogue session
San Francisco, 24 October 2007**

GSK corporate responsibility performance and reporting

Context facilitated a workshop in October 2007 to seek stakeholder views on GSK's corporate responsibility (CR) performance and reporting.

This was the fourth in a series of stakeholder workshops. Previous sessions were held in the UK and looked in detail at access to medicine issues including: access to HIV/AIDS medicines in developing countries; R&D into diseases of the developing world; and access in middle-income countries.

These dialogue sessions enable stakeholders to raise their views in an open and frank way. It is useful for GSK to hear different perspectives when developing policies, even if the company does not always agree with them. Participants attend the meeting on the understanding that they should not expect GSK to incorporate all the divergent views in its policies.

Attendees

Guests:

Barbara Addy, USAID
Julie Brautigam, Baxter International
Carolyn Cavicchio, Conference Board
Laura Commike, BSR
Will Dow, UC Berkeley School of Public Health
Francois Jung-Rozenfarb, CARE USA
Judith Justice, UCFS Institute for Health Policy Studies

Public health NGO (wishes participation to remain anonymous)

From GlaxoSmithKline:

Julia King, Vice President Corporate Responsibility,

From Context:

Simon Propper, Managing Director (facilitator)
Heather Rankin, Senior Consultant

Agenda

Stakeholders were asked to give their views in three areas:

1. How would you rate GSK's approach to CR?
2. What are the strengths and weaknesses of GSK's CR programme?
3. What do you think of GSK's CR reporting?

Findings – CR performance

Is GSK a leader?

Several participants felt that GSK is among the leading companies for CR, particularly on the issue of access to medicine.

"Having read the report I would now use GSK as a best practice example. The work in the 2006 report is absolutely superb."

"GSK is a real leader, particularly in research into neglected diseases. They manage to balance social expectations with business goals."

"My overall perception is positive. GSK is being pretty ambitious."

What is your strategy?

However, several participants also felt GSK's approach to CR is too reactive.

There was a desire to see GSK set its own agenda and communicate a clear strategy for CR. This would really distinguish GSK as a leader.

"GSK is among the leading companies on CR, but it only acts under pressure rather than being proactive. CARE does not see GSK as best in class."

"GSK has been a leader in promoting access but it was external pressure that led them to this point."

"GSK needs to report its goals and strategy – what is the vision for GSK as a company?"

"You have a great collection of comprehensive programmes, but what is the strategy behind them? There is a need to articulate more about where GSK intends to go in the future."

"GSK has a very passive strategy – it needs to acknowledge challenges and be more aggressive in tackling them."

"If CR is really part of your business strategy you need to explain this and say why you have taken this approach."

Access to medicines - strengths

Access to medicines was considered a key issue for GSK and one of the company's strengths. Participants liked GSK's focus on R&D into developing world diseases and sustainable approach to preferential pricing.

"GSK was running programmes to educate people in the developing world about the importance of immunisation even before GAVI began, when there was no interest from governments. This demonstrates a long-standing responsible approach."

"GSK is a leader on access because of its focus on R&D and its innovative pricing schemes. These are more important than donations."

"GSK has policies that facilitate access to drugs, and shows leadership in this area. Their investment in the WHO's three priority diseases is also a strength."

"GSK has taken a very pragmatic approach on ARVs and found a way to provide them at preferential prices rather than through donations. It is critically important to have programmes that are sustainable in the long term. GSK been creative in leveraging partnerships to realistically address access issues."

Access to medicines – more to do

Participants highlighted several areas where they expect GSK to do more on the issue of access to medicine. These included:

- Pricing in all countries
- Intellectual property and support for generic manufacturing
- Availability of medicines

One participant felt that GSK should donate its ARVs to developing countries as well as offering preferential prices.

"Why don't pharma companies lower prices overall, instead of having high profit and preferential pricing? Pricing is not just an issue in least developed countries, it is a global problem."

"Drugs are still too expensive. Pharma companies are sitting on the technology to make drugs available rather than sharing it."

"They need to do more to make medicines available and affordable – patents are keeping costs high."

"There is no evidence of a commitment to achieving breakthroughs on important policy issues like pricing."

“Access should be GSK’s priority for the future, in particular finding a balance between public health and patent protection. The Novartis case in India is an example of a company not finding the right balance.”

“GSK has taken ARVs and diabetes drugs off the market in Guatemala to protect them from generic competition. Why do that, given the small return for GSK and the massive negative effect on the population?”

“After planning to introduce the Hep B vaccine with GAVI support in developing countries, the industry then said there wasn’t enough vaccine available. No explanation was given.”

“There is still a perception that all pharma companies are the devil – this is naive but also reflects the fact that we are still very far from where we need to be in terms of access in the developing world.”

“Why not take all the money invested in hand-washing programmes and invest it in finding ways to extend access? This is where GSK could have a far greater impact.”

“GSK has made no significant donations of HIV/AIDS drugs, it just offers preferential pricing.”

Weaknesses

Sales and marketing and the environment were highlighted as two weaknesses for GSK.

“The legal proceedings against GSK in the US suggest the company does not perform well on marketing practices.”

“No connection is made between a healthy environment and healthy lifestyles – environmental information is downplayed in the report.”

“I’m disappointed with GSK’s environmental performance. They haven’t explored the direct relationship between climate change/water scarcity and health.”

Public policy and influence

Several participants expressed concerns about the influence of the pharmaceutical industry on trade agreements and government health policy. It was felt that this often outweighed the influence of other, equally important, stakeholders.

Participants felt that GSK should be more transparent on its practices in this area and ensure that lobbying activity is aligned with CR programmes.

"Influence on healthcare policy and IP rules is a major concern. Who is setting policy and influencing the way these are written into trade agreements? In the US, policy making is dominated by corporates and public health experts do not have enough influence."

"Often vaccines are introduced and promoted without considering whether this meets the priority needs of the country. The HPV vaccine will be introduced in countries even if the government says it is not the right time. The pharma industry has too great an influence."

"I'm impressed with GSK's drug donations but corporations expect certain outcomes in return for their generosity. They want a lot of control over how things are done and a strong say in policy making. The Novartis leprosy campaign is an example."

"There is no evidence of alignment between GSK's CR objectives and public policy. How does GSK ensure that its lobbying activities do not undermine its CR policy? GSK should be more transparent on this and its lobbying through industry groups."

Findings - reporting and communications

Communications and reputation

The discussion showed that GSK is not well known in the US compared with other pharmaceutical companies.

Most participants did not have much prior knowledge of GSK's CR activities. They would appreciate more communication on CR from GSK and a greater level of engagement.

"GSK has a lower profile in the US than companies like Pfizer. I didn't know many of the things that GSK does until I read the report for this session."

"GSK has zero to low visibility for engagement in the US."

"I tend to hear more about GSK's philanthropy than their more interesting access programs."

Overall perceptions of the report

Most participants gave positive feedback on the report. They felt it included a good level of information and addressed the right issues for GSK.

"Reading the review and report really increased my knowledge of and respect for what GSK is doing. I was blown away by the quality of information on the web."

"This is a best-in-class report, with a lot of useful information provided. The report and review address the main issues and improved my opinion of GSK."

"There is a lot of information on the web but this is useful and gives a sense of real transparency."

"This is a solid report."

Is the report credible?

There were mixed views on credibility. Some participants felt that the report was too positive overall and would benefit from greater discussion of challenges and dilemmas.

"The report is credible – I didn't find anything that seemed like just blowing smoke."

"I found the report informative and credible."

"Credibility could be improved. Take the Combivir controversy – a far more credible way of telling the story would be to accept that GSK was slow to act but to take credit for responding when under fire."

"I didn't see a whole lot of balance, such as explanations of dilemmas and challenges. It seems like a very positive report."

CR Review

Most participants felt the review provided a useful summary of CR at GSK.

However several participants felt the review lacked a clear overview of GSK's approach and priorities and an explanation of why certain issues had been selected over others. They felt it explained what GSK is doing but not necessarily the thinking behind it.

"I was impressed with the review and its straightforward presentation."

"I liked many aspects of the review: the headlines, call outs to business strategy, the educational tone."

"I liked that there is a summary – this leaves it up to the reader to determine how much detail they want."

"The review lacks a one or two page overview of the issues and GSK's objectives, targets and progress."

"I was looking for a thought-leadership piece, such as the business case for increasing access."

"A little more overview is needed on how issues are managed overall, how priorities are set, how GSK decides what to work on and report on, and what to put in review. How are emerging issues identified?"

Goals and targets

Participants criticised GSK for the absence of targets and commitments in the report. They felt this reflected a lack of strategy and vision for CR in the company.

"GSK must have targets for all other aspects of its business so why not for CR? Particularly if CR really is just another part of business strategy."

"The lack of goals and targets is a major weakness. I would like to see targets for registering preferentially-priced medicines in developing countries otherwise it is difficult to assess GSK's performance on access."

"I would like to see really clear goals and targets going forward, especially for access and R&D."

"There is a lack of commitments and targets and no reporting on whether or not previous targets were met."

What's missing?

Participants would have like to have seen more information in a number of different areas:

"Industry benchmarks would be useful and allow me to assess performance."

"I'd like to see more demonstration of the business case for CR – is it sustainable and does it impede R&D?"

"The diversity reporting raised more questions than it answered – at what level are people of different ethnicity employed?"

"A list of patents and other forms of protection registered by country would be useful."

"Does GSK work with governments to regulate the use (and overuse) of over-the-counter medicines and antibiotics?"

"How would GSK react in the Novartis/India situation? Would GSK have challenged patent law as Novartis did?"