

# Materiality assessment

In 2021-22, GSK conducted a materiality assessment, a process of engagement and analysis that identifies and prioritises the ESG issues that pose the most significant risks and opportunities to the business, and upon which GSK has the most significant impact. The materiality assessment is used to inform strategic decision-making and prioritise public reporting. Our last assessment was conducted in 2018.

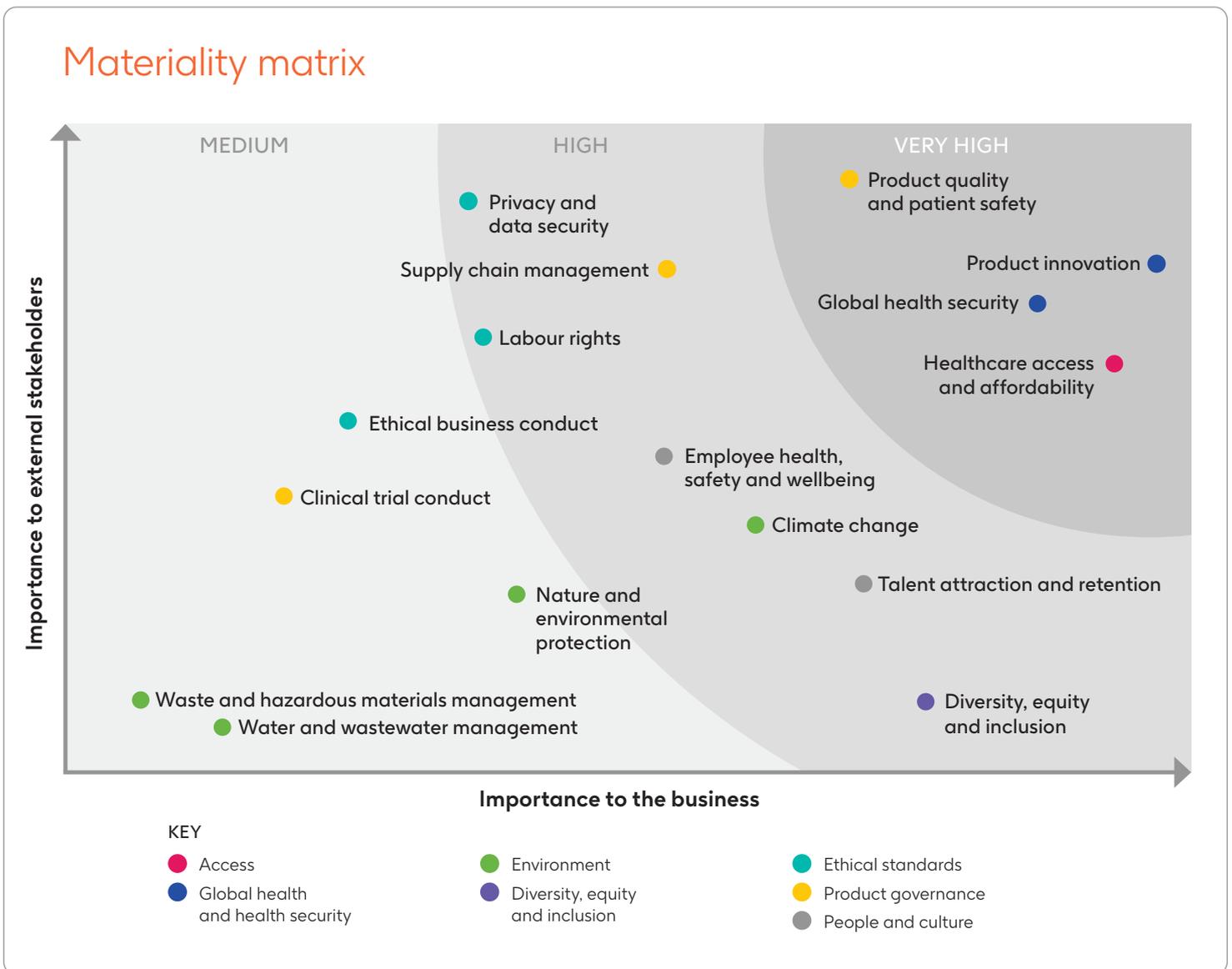
## Materiality methodology

This year we used Datamaran’s data analytics platform to conduct the assessment. The Datamaran software monitors external ESG risks by assessing the coverage of issues within peer annual and sustainability reports, regulatory and legislative documents, media and social media.

GSK also worked with an independent third party, Corporate Citizenship, to support the materiality assessment, conduct stakeholder engagement, and ensure that developments and external expectations around materiality were incorporated within the approach.

## The materiality process

<p>Issue analysis</p>	<p>Datamaran’s wide-ranging list of 90 topics formed the basis of the issues long-list. Corporate Citizenship reviewed this list against GSK’s 2018 materiality exercise, selected industry literature, peer reports and internal documents. The review generated a shortlist of the 16 most material ESG issues, reflecting GSK’s business priorities, stakeholder expectations and industry terminology. This formed the basis of the subsequent stakeholder engagement exercise, and matrix development.</p>
<p>Stakeholder engagement</p>	<p>Interviews were conducted with 13 key internal and external stakeholders, specifically chosen for their range of experience and perspectives on the list of material ESG issues. Internal stakeholders included representation of key business functions, including innovation, supply chain, HR, risk and compliance, sustainability and government affairs. External interviews aimed to represent a range of stakeholder groups including investors, patient advocacy groups, multi-lateral health agencies, and not-for-profit foundations.</p>
<p>Generating the matrix</p>	<p>In order to generate the matrix, a variety of different sources were used and each were individually weighted to reflect the appropriate level of importance to GSK:</p> <p><b>Y axis (importance to external stakeholders):</b> Datamaran’s analysis of peer company reporting, over 1,000 mandatory and voluntary regulations, news and social media. This was supplemented with the findings of external stakeholder interviews and investor ratings and rankings.</p> <p><b>X axis (importance to the business):</b> Datamaran’s analysis of GSK’s annual report, supplemented with internal stakeholder interview results.</p>



**Key observations from the materiality assessment:**

**Global health security** remains one of GSK’s most material issues. Whilst it has always been fundamental to GSK’s purpose, the Covid-19 pandemic has reinforced the critical role and contribution that pharmaceutical firms make to society and pandemic preparedness.

**Healthcare access and affordability** continues to be a highly material topic. This was seen as the topic where GSK can have the biggest positive societal impact.

**Product innovation** and **Product quality and patient safety** remain topics of significant importance from an internal and external point of view. These are topics where GSK has the opportunity to generate significant societal impact, and which in turn can have a significant financial impact on the business, both positive and negative.

**Supply chain management** and **Labour rights** remain highly important to external stakeholders, driven by increasing expectations for companies to demonstrate transparency and maintain social and environmental performance standards amongst their suppliers. Security of supply was also highlighted as a contributing factor to the increase in importance of this issue.

**Climate change** has risen in importance for both external and internal stakeholders. This is now seen as a topic that all companies need to address, regardless of sector, even though from an impact materiality perspective, the pharmaceutical sector is not the most significant contributor. There is greater awareness of the potential financial impacts on the business resulting from the changing regulatory landscape and physical risks in the supply chain.

Heightened awareness of the impacts of global biodiversity loss has increased the importance of **Nature and environmental protection** as an issue.

**Diversity, equity and inclusion** increased in importance to the business, with stakeholders noting the importance of expanding diversity efforts beyond gender to include ethnicity and socio-economic background; and beyond the workforce to cover clinical trials, product innovation and access strategies.

**Talent attraction and retention** was identified as a highly material topic from a business perspective.

### Review and strategy

The results of our 2021/22 assessment have been reviewed by GSK’s Board-level Corporate Responsibility committee as part of our annual reporting process. The material issues identified have reaffirmed that our six ESG focus areas are well aligned with the results of the assessment.

### Changes to the list of material topics

This year, several material ESG issues were changed or consolidated since the previous assessment, to reflect changing stakeholder expectations, business priorities or to align with Datamaran’s topic mapping. The main changes were as follows:

- **Ethical business conduct** was generated as a new issue, combining four topics from the 2018 materiality exercise: **Tax and economic contribution; Sales and marketing practices; Advocacy and Anti-bribery and corruption.**
- **Access to healthcare and Pricing and affordability** were combined to generate one issue: **Healthcare access and affordability.**
- **Biodiversity** became **Nature and environmental protection** which includes transition to a circular economy, packaging, circular design and models and product life-cycle, which were previously topics within the **Waste and packaging** issue.
- **Animal research** was embedded into **Clinical trial conduct.**
- **Intellectual property** was embedded into **Product innovation.**

### Materiality topics and issues

Below is the list of 16 ESG issues which was used as the basis of GSK’s materiality exercise.

Issue	Topics this issue encompasses
<b>Climate change risk</b>	Climate change risks and management / Energy use, conservation and reductions / GHG emissions and reductions / Physical disasters and failures / Transition to renewable energy
<b>Clinical trial conduct</b>	Ethics of clinical trials / Animal welfare
<b>Employee health, safety and wellbeing</b>	Employee health and wellbeing / Occupational health and safety
<b>Diversity, equity and inclusion</b>	Fair and inclusive workplace / Gender, ethnicity, age, LGBTQ+ and disability diversity / Fair and equitable compensation
<b>Ethical business conduct</b>	Compliance management / Marketing and selling practices / Public policy practices / Responsible tax practices
<b>Global health security</b>	Anti-microbial resistance / Epidemics and pandemics / Vaccination / Vaccine hesitancy / Non-communicable diseases
<b>Healthcare access and affordability</b>	Access to health care and medicine / Disease awareness and education / Community support and development, healthcare capacity building, education and training / Responsible pricing / Research into unmet medical needs
<b>Labour rights</b>	Human rights / Labour rights
<b>Nature and environmental protection</b>	Air emissions and air quality / Biodiversity and ecosystems / Transition to a circular economy, including packaging circular design and models and product life-cycle
<b>Privacy and data security</b>	Cybersecurity and information security / Data privacy management (for employees, supplier, customer and patient/consumer data)
<b>Product innovation</b>	R&D pipeline across our businesses / Innovation management / Intellectual property / Artificial intelligence and digital transformation
<b>Product quality and patient safety</b>	Consumer satisfaction / Product safety and quality / Counterfeiting
<b>Supply chain management</b>	Reliability and availability of supply / Social, environmental and economic standards in supply chain / Supplier engagement and capacity building / Traceability of raw materials
<b>Talent attraction and retention</b>	Employee training and development / Employee engagement and satisfaction / Employee incentives and benefits / Recruitment
<b>Waste and hazardous materials management</b>	Harmful substances management / Hazardous waste management / Non-hazardous waste management / Recycling, waste recovery and reduction
<b>Water and wastewater management</b>	Water scarcity / Water use in operations and supply chain / Water pollution