

# The ESG Scorecard

## A Deep Dive into the Pharmaceutical Industry



### Executive Summary

ESG risk exposure in the pharmaceutical industry is high due to strict regulations, complex operations, and its impact on public health. Governance issues are a major challenge, with companies facing bribery, antitrust investigations, misleading marketing, and data integrity concerns, leading to fines and legal scrutiny.

Social risks relate to product safety and workforce management, highlighted by drug recalls, regulatory issues, layoffs, and labor disputes.

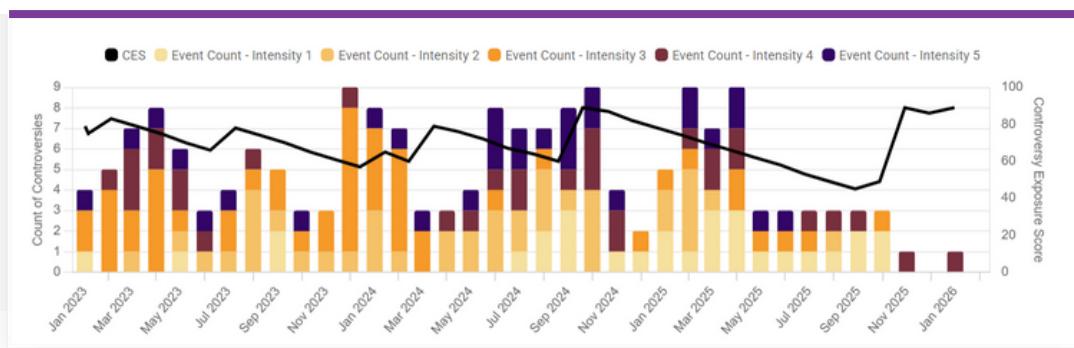
Environmental risks, though less frequent, are increasingly focused on compliance and credibility, including sustainability reporting issues and greenwashing allegations.

### What are the most persistent ESG challenges in the pharmaceutical industry?

## GlaxoSmithKline (GSK): Legal Battles and Social Accountability

GlaxoSmithKline (GSK) has encountered several controversies, including a \$2.2 billion settlement over Zantac claims, fines for misleading marketing, and demands for €800 million in compensation for alleged unethical medical experiments.

The company has also faced product recalls, regulatory issues, and workforce tensions marked by strikes and layoffs.



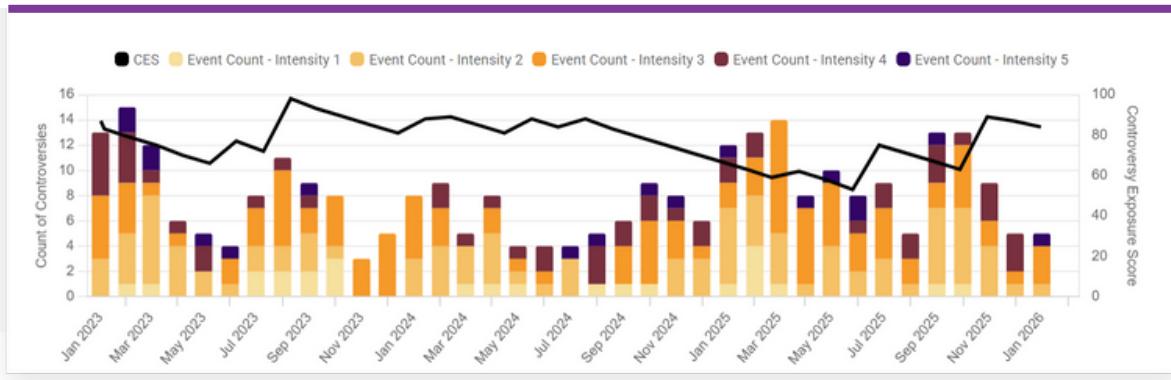
### Key Controversies:

- GSK workers to strike after rejecting pay offer at pharmaceutical giant
- Pharmaceuticals giant GSK aims to cut 720 jobs in Wallonia
- GSK told to pay up for experiments in Mother and Baby homes at meeting of Sligo County Council
- Pharmaceuticals giant GSK to pay \$2.2bn to settle Zantac lawsuits
- Judge: GlaxoSmithKline Can Be Held Liable for Fatal Injuries Suffered From Generic Equivalent of Lamictal

## Novartis: Governance and Sustainability Concerns

Novartis faces accusations of greenwashing its net-zero commitments and has experienced workforce reductions that triggered protests and safety-related product recalls.

The company is also grappling with major ESG challenges, including legal issues like fraud and competition investigations, costing nearly \$1 billion in settlements.



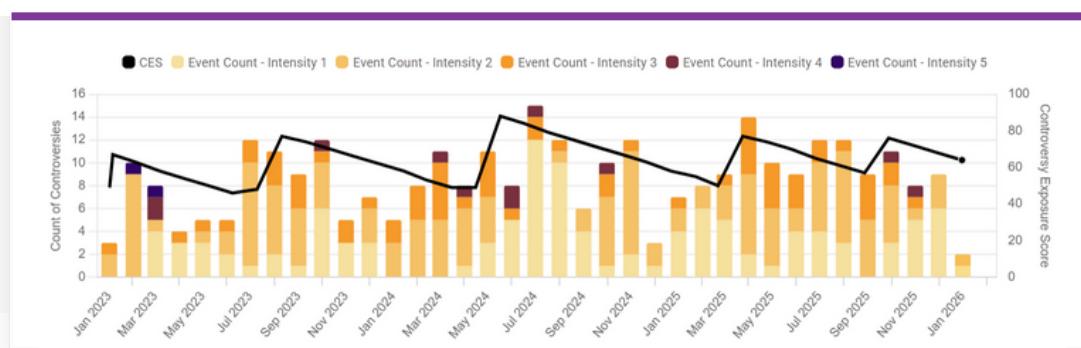
## Key Controversies:

- Novartis Case Closes in US with Deal Excluding Greek Bribe Allegations
- Novartis pays close to \$1 billion to settle suit over doctors' bribes
- Belgium Authority imposes a EUR 2.78 million fine on Novartis
- Novartis used manipulated data in winning Zolgensma approval, FDA says
- Greenwashing: Accusations against Novartis and Nestlé

## Roche: Facing the Spotlight on Governance and Ethics

Roche has faced ESG controversies, including a €444 million antitrust fine and criticism from the Ethos Foundation over sustainability reporting.

Genentech was fined \$158k for hazardous materials violations. The company also issued drug recalls and dealt with layoffs and workplace discrimination issues.



## Key Controversies:

- Emails and Bribery Samples Offered by Roche Drug Company to Authorities
- Les laboratoires Novartis, Roche et Genentech condamnées à 444 M€ d'amende
- Roche settles US patent lawsuit against Biogen over blockbuster arthritis drug
- The Ethos Foundation raises its voice against Roche
- Roche Reports Employee Exposure to Ethylene Oxide Due to Packaging Issues