

Merck's 2005 corporate responsibility report

When caution curtails innovation

By Kathee Rebernak

Merck's first corporate responsibility report is stifled by current controversy but promises greater transparency

Merck, the US pharmaceutical giant, published its first corporate responsibility report in November 2005 with little fanfare. The report is a good first effort, provides a fair amount of information and promises more transparency to come. Unfortunately, Merck steps so carefully that it fails to defend itself against the current threats to its reputation.

The spectre of Vioxx

While Merck rightly does not dwell on its troubles over Vioxx (see box), the spectre of litigation over the drug colours much of the report's discussions. Vague references to ethics and ethical behaviour are frequent enough to call to mind Gertrude's line from Hamlet, "The lady doth protest too much." Given the size of the problem that Vioxx presents, Merck misses the opportunity to defend its actions and place the Vioxx matter in the proper context.

Happily, the report becomes more interesting and credible once it moves on to discuss Merck's programmes to provide patient access to medicines, vaccines and healthcare. Discussions of public-private partnerships to provide HIV/Aids treatments and other medications in the world's poorest regions are heartening.

These programmes are impressive in their depth and breadth, not to mention the staggering amounts of money Merck must spend each year to fund them. The report offers some data on money flows to these programmes. For example, a case study on the efforts of the Merck Company

Snapshot: the Merck 2004-05 corporate responsibility report

Follows GRI?	Reports on some indicators
Assured?	No
Goals?	Few
Targets?	No
Stakeholder input?	Not evident
Seeks feedback?	Yes
Key strengths	Reports a fair amount of data and expresses intent to expand data reporting in future reports; has updated environmental data on website.
Chief weaknesses	Backward looking; dearth of goals/targets; lack of explanation of business.
Pleasant surprise	Reports political contributions for 2005 on website.

Vioxx

Merck devotes two paragraphs to the events that led to its withdrawal of Vioxx, its arthritis drug, from the market in September 2004. The report asserts that Merck acted "responsibly every step of the way" and refers readers to the Merck website for more information.

Merck recently reported that it faces 11,500 lawsuits by 23,300 plaintiffs alleging that Vioxx increases the risk of heart attack; to date, Merck has won some and lost some and has said that it will defend each case individually.



Foundation and the Bill & Melinda Gates Foundation to help Botswana fight HIV/Aids notes that each foundation contributed \$50 million to the five-year programme. Merck is replicating this programme in other countries.

Products, please

The report says precious little about Merck's broader stable of products, the range of maladies they treat, or its research pipeline, all of which would present a stronger picture of Merck's economic impacts and sustainability as a business. A listing of Merck's products and the diseases they treat would enable stakeholders to better understand Merck's business.

Given the current controversy surrounding pharmaceutical companies and their research and marketing practices, stakeholders and, in turn, Merck itself, would benefit from a frank discussion of the relationship between research and development, on the one hand, and marketing on the other. Merck should consider taking the opportunity to declassify such information and lead its industry in transparency.

Like many first reports, this one is primarily backward-looking, espousing few goals and no targets and offering little evidence of stakeholder input. To its credit, Merck does use the Global Reporting Initiative's economic, environmental, and social performance indicators "as a guide" and reports on a fair number of them. It also acknowledges that "there is still much to be done" and expresses the intent to report more fully and transparently in future. Future reports should rigorously apply the GRI reporting principles, in particular those on materiality, inclusivity and balance, to prioritise content.

Most disappointing is Merck's failure to acknowledge that the very essence of its business – saving and improving lives – is a key element of sustainability. A likely explanation is that Merck fears making so bold an assertion in the face of its current crisis. ■

Useful links:

www.merck.com

https://www.merck.com/newsroom/vioxx_withdrawal/