

# Rate the Raters Phase Five

## Questionnaire for Raters

### Access to Medicine Index

### February 2013

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#### **Overview of Questionnaire**

The questionnaire covers five areas: Rating Overview, Governance and Transparency, Inputs, Research Process and Outputs. SustainAbility developed a methodology to evaluate raters' responses in the latter four areas, and we used this to identify the good practices and areas for improvement described in [Rate the Raters Phase III: Uncovering Best Practices](#). We have made our methodology available on our website for readers to use while reviewing the raters' responses.

#### **Directions for Raters**

Please use space below each question to input your answers. While we have not set a minimum or maximum number of words for your responses, please answer the questions in sufficient detail for us to understand your practices. We have included guidance notes in italics. We recognize that certain questions may not be pertinent to every rating. If you find this to be the case, please indicate this and provide a brief explanation.

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## **0 Rating Overview**

### **0.1 Rating name**

Access to Medicine Index

### **0.2 Please describe the primary objectives and motivations for your rating**

The ATM Index monitors and highlights efforts by pharmaceutical companies to increase global access to medicines. The project has the objective of stimulating the pharmaceutical industry to make their products or patents available on a wider scale, by deploying their key assets and capabilities, such as intellectual property rights, market experience and manufacturing expertise.

### **0.3 How do you evaluate the impact or success of your rating? If so, how?**

We evaluated our impact in October 2011 by a third party (FSG). A quote from their report:

"This strategic review suggests that in only four short years, the Access to Medicine (ATM) Index has begun to influence the pharmaceutical industry's access to medicine practices due to the

reputational risks associated with the Index being a widely publicized ranking. The Index is not yet seen as influential with respect to strategic commercial decisions, but mainstream media coverage makes the Index an industry benchmark to which companies respond.

The Index has influenced the industry in two other ways: it provides useful guidance for some Corporate Social Responsibility (CSR) departments as they seek to advance the access agenda internally, and it has influenced reporting – both in terms of the new level of transparency embodied by the Index, and in companies' proactive communication of a broader range of access issues.”

We have engaged Erasmus University in Rotterdam to set up an ongoing impact assessment for the coming 5 years.

#### **0.4 Please identify your audience or customer base, and, if possible how they use your rating in their decision making.**

Multiple stakeholders:

- Originator Big Pharmaceutical (20 companies, 90% market share)
- Investors (all mainstream and SRI investors, we currently have 32 signatories with an associated market capital of US \$ 3.7 trillion).
- Media (International and Trade Journals like the Financial Times, New York Times, The Lancet, etc.)
- NGOs representing patients (all relevant NGOs like Oxfam, Cordaid, ICCO, MSF, HAI, etc.)
- Intergovernmental Organizations (e.g. WHO, UN, UNESCO, etc.)

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## **1 Governance and Transparency**

### **1.1 Disclosure of methodology**

#### **1.1.1 Describe how you make available the details of your methodology to the public, rated companies and other stakeholders.**

Our methodology is fully transparent to everybody since our funding or business model is based on independent grants and not on generating income with our data. We have attached a copy of the latest version.

The methodology is attached and also available on our website. We do send printed copies to interested parties as requested.

### **1.2 Conflict Management**

#### **1.2.1 Do you have a policy (or guidelines, standards, etc.) that addresses conflicts of interest? If so, is it disclosed publicly?**

Yes, on our website ([link](#))

Key elements are around avoiding influence of any individual stakeholder on the development of the methodology and or the results of the Index.

**1.2.2 Do you disclose the relationships and independence of board members, advisory panel members, partners and/or other involved third-parties? If so, how? How do you manage conflicts of interest with these entities?**

Yes, they all have to sign the conflict of interest policy and we disclose conflicts if they exist on our website. We do however prefer not to work with people who have a conflict of interest and therefore we have nothing to disclose at this moment.

**1.2.3 Do you offer for-fee services to the companies that you rate (including benchmark reports)? If yes, please describe these services. How do you avoid conflicts of interest in these situations?**

We offer training seminars to for all companies rated by the Index to help them better understand the Index.

We have organized one training seminar for companies who would like to better understand the Index. This was the SIR conference in Leiden in November 2011. For the rest we do not receive any payments from the companies we rank in our Index.

**1.2.4 Do you have any other financial relationships (e.g. sponsorships, advertising) with companies you rate? If so, describe these relationships**

No we are fully independent to avoid any (perceived) conflict of interest.

### **1.3 Regular Review**

**1.3.1 Do you have a regular approach to updating your methodology over time? If yes, describe this approach.**

Yes, we adjust our methodology every other year at the beginning of each Index cycle.

**Multi-stakeholder approach:**

The 2012 methodology was developed using a multi-stakeholder approach, which has guided refinements and enhancements to the 2010 Index methodology. In the course of 2011, the Access to Medicine Foundation closely consulted with all stakeholders, including representatives from the industry, NGOs, investors, global health professionals, academics, consultants, and government.

In addition, Technical Subcommittees, consisting of global health professionals, academics and consultants, carefully reviewed specific technical areas and provided recommendations for refining some indicators and adding or removing others. Finally, the Foundation's Expert Review Committee (ERC) provided macro methodology guidance with regard to the Index 2012 methodology.

**Summary of key changes:**

To ensure as much consistency with the Index 2010 as possible, we have minimized substantive methodological changes for the Index 2012, while still allowing room for improvement and consolidation, enabling a solid analysis of industry trends and providing insight into the progress of initiatives. We are confident that the changes we have decided to

make will help ensure that we continue to remain responsive to our changing environment. These changes are fully disclosed in our Methodology Report. Building upon the strong foundations laid by the 2010 Index, the methodology for 2012 not only enhances the rigor, consistency and impact of the analysis, but also streamlines the data collection process.

**1.3.2 Describe how you communicate any changes in your methodologies to affected companies and other stakeholders, and how you work with them to adapt to and understand the implications of the changes.**

We communicate with all the companies we rate on a regular basis. We organize webinars to go over the changes in the methodology and we organize demos for our new online data gathering system. We proactively send the new methodology report to all participating companies and all our other stakeholder contacts. We also do evaluate the Index with all companies after we have published the Index.

**1.4 Stakeholder Involvement (excluding rated companies)**

**1.4.1 Does the rating have an external and/or independent advisory body in place? If so, describe how this body is involved in the rating's construction and maintenance and the scoring, rating, or selection of companies.**

We do have an independent external Expert Review Committee (ERC) that decides on the changes to the methodology. We also installed 4 technical sub committees who advised the ERC on specific technical areas. The ERC and technical sub committees are however not involved in the scoring of individual companies. The data gathering and scoring is outsourced to a third party (MSCI ESG Research).

**1.4.2 Describe how you involve / solicit feedback from external stakeholders in the development and ongoing maintenance of the rating. Please provide an example of how you revised your methodology based on stakeholder input.**

We already mentioned this in answer 2.3. An example is we included neonatal and maternal health in our disease scope because NGOs asked for this. We also changed our weighting of performance from 30 to 40% because many stakeholders asked for a higher importance of performance.

**1.4.3 How do you communicate the output / summary from this engagement? For example, do you make public the stakeholder comments?**

We do make reports of our roundtables, but we don't publish these on our website and are considering publishing this going forward. Our methodology report, which we send to all stakeholders, can be considered a summary of the combined output from our stakeholder engagement prior to its publication.

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## 2 Inputs

### 2.1 Information Sources

**2.1.1 Please list and describe the information sources that you utilize to develop your rating.**

See page 27 in our methodology report ([link](#)).

**2.1.2 Please describe how this information is obtained (i.e. from publicly available documents, partner organizations, directly from companies). If your rating is based on other ratings or third-party research firms, please describe how they obtain their information.**

Data for the 2012 Index comes from a variety of sources, including publicly available material, information provided by Index companies via a secure online platform and information sent to the Index team upon request from other bodies. Our main source is our own questionnaire to companies with about 250 questions, gathered via our online data platform. We cross-check the data received from the online platform with public sources and specific research. MSCI ESG Research carries out most of this research for us.

**2.1.3 How often do you refresh information / inputs on companies?**

We gather company data over a 2-year reporting period for each Index.

**2.1.4 How do you deal with non-disclosure by companies in your rating?**

Companies can disclose data under an NDA, but get a penalty for transparency.

### 2.2 Company Engagement

**2.2.1 Describe the process by which you engage / interact with the companies that you rate (i.e. frequency, nature, format).**

We inform them regularly about changes to the methodology or to the data collection schedule, and we do a lot of presentations how the Index works. However we don't engage with them more extensively to avoid any too close links. For the data gathering process we have a dedicated analyst from MSCI ESG Research who is in frequent contact to explain the questions, etc. We also organize a workshop with companies to discuss their strategies and best practices. The outcome of these discussions is used to evaluate our methodology.

**2.2.2 On average, how much time do your analysts spend engaging with each rated company on an annual basis?**

We engage for the data gathering of the Index in a period of 4 months with the companies. This happens every other year. During this period an analyst covers 5 companies. So you could say that during a period of 65 business days, they spent about 13 full days with one company.

**2.2.3 Please describe if and how feedback from rated companies is incorporated into your research and ratings process.**

After the Index is published, we invite company contacts to fill out an online survey (also sent to other stakeholders) and take this feedback into account for the next Index. We also invite our main contacts at each company to take part in calls to go over their company's Index results. We take individual company feedback into account if it concerns mistakes or facts that are not

correct. For more structural methodology changes we engage with the IFPMA (the International Federation of Pharmaceutical Manufacturers and Associations).

## **2.3 Input Verification**

### **2.3.1 Describe your approach to verifying the information used to assess companies. Is this approach captured in any sort of policy or guidance document?**

Since we publish all data, these publicly listed companies (with the exception of Boehringer Ingelheim) are very careful to publish correct data because everybody is able to check it. Besides this ultimate transparency pressure, we do check data with experts and against external sources to review whether the data are plausible.

### **2.3.2 Is external or third-party verification a consideration in assessing the quality of information sources?**

Wherever possible, data provided by the companies are checked against external sources and/or by a third party. This verification is carried out mainly by a third party (MSCI ESG Research) and sometimes by the Access to Medicine Foundation.

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## **3 Research Process**

### **3.1 Experience and Capacity of Research Team**

#### **3.1.1 On average, how many years of experience do your analysts (internal or contract) have working in or analyzing the industries they cover?**

3-5 years for juniors and 5-10 years for seniors

#### **3.1.2 Describe your approach to ongoing training and industry education for your analysts.**

Aside from the periodic training meetings we hold with MSCI ESG analysts on the Index, MSCI ESG Research is responsible for training its employees about the pharmaceutical sector and methodological processes. We work a lot with renowned universities in the world in the field of access to medicine (Harvard, RUU, etc.)

#### **3.1.3 On average, how many companies do your analysts cover each year?**

5 companies per analyst

### **3.2 Quality Management**

#### **3.2.1 Describe your approach to ensuring quality control throughout the ratings process. Is this process documented or codified?**

We have outsourced the research to MSCI and they use their internal QA procedures.

**3.2.2 Have your research systems or processes been certified, assured or verified by an external organization?**

No

**3.3 Sector Specificity**

**3.3.1 Does your rating use the same criteria and weightings for all sectors and companies? If so explain why.**

Yes, although we only rank originator pharmaceutical companies. So not really applicable.

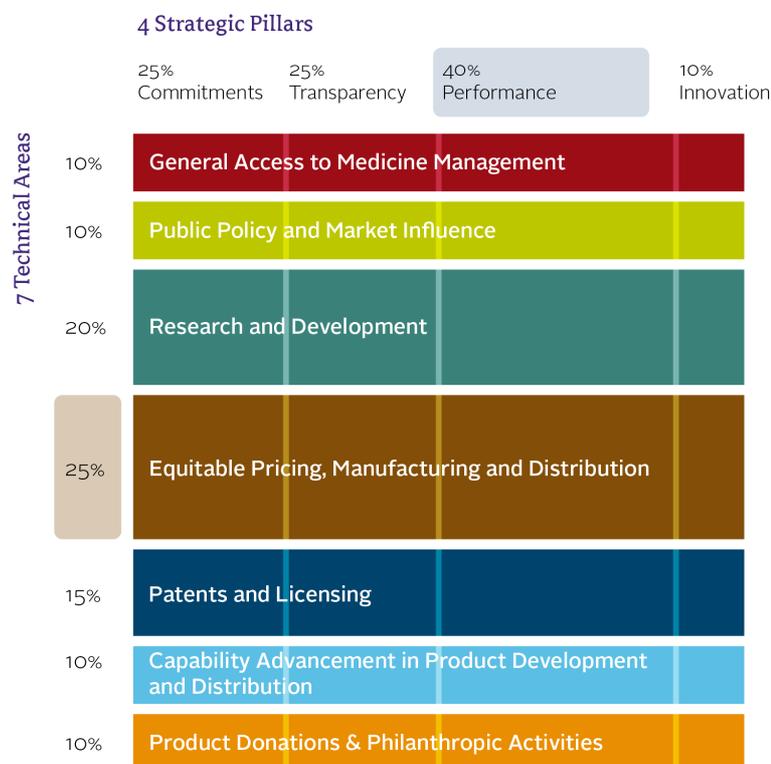
**3.3.2 Describe how you take into account industry and company specific issues and context.**

Our rating is only about industry-specific issues. Since our whole methodology is specific, many of our questions are very specific for access to medicine in developing countries.

**3.4 Basis for Rating**

**3.4.1 Describe the basis for your rating of companies, including how you determine what constitutes the different degrees of performance. For example, if you grade companies on an A-F scale, how do you determine these levels?**

We have specific scoring guidelines that are public. The result of the scoring on each indicator in combination with the weighting results into the overall score.



**3.4.2 Do you factor company-specific context into your rating?**

No, this industry has a global level playing field.

**3.4.3 Do you incorporate external norms, standards or principles (e.g. UN MDGs, GRI, UNGC, etc.) into your rating or process? If so, describe how you use these to calibrate or assess company performance.**

We use some existing definitions to develop our methodology e.g. we use UN and World Bank classification for low and middle-income countries and the DALY burden of the WHO to determine the scope of the Index. For specific areas of the methodology, we use standards (e.g. the Declaration of Helsinki and the WHO Guidelines for Drug Donations) to rate companies' performances.

**3.4.4 How do you deal with unforeseen, negative company events in your ratings process (e.g. environmental incidents, ethics breaches)?**

There are mechanisms built into the scoring guidelines to take negative events into account, e.g. a lower score if a company has been involved in breaches.

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## 4 Outputs

### 4.1 Validation of Results

**4.1.1 Describe the steps you take to verify your rating results (including scores and reports) prior to their finalization.**

Since we publish all data we use transparency as the mechanism to check the data. We do not validate results before publication.

**4.1.2 Do you give rated companies an opportunity to review draft scores or reports? If yes, describe this process, including timeframe given for review.**

We do have an interview with the companies before publication of the Index to verify questions from our side, but we don't discuss the scores. After the publication of the Index we have interviews with individual companies to go over their individual scores.

**4.1.3 Do you have a formal policy and/or process for addressing challenges or disputes presented by companies or other stakeholders?**

No, we have had no disputes yet and address specific challenges on an ad-hoc basis.

## **4.2 Accessibility**

### **4.2.1 Describe how you disclose and explain your results to rated companies. Do you share the full details of the assessment or results? If no, explain why not.**

We disclose all results, with the exception of some data that is a) covered by confidentiality agreements, non-disclosure agreements and other legal agreements, b) the data we have does not allow for a clear analysis, either because of inconsistent responses or lack of sufficient data, or c) the data is not new or unique to the Index and could therefore be considered redundant.

### **4.2.2 Describe how and to what extent stakeholders (other than rated companies) can access the details and results of your rating.**

Everybody can see the results, including the scoring guidelines and weightings of the Index in our Index report, which is downloadable on our website.