

**GlaxoSmithKline**  
**Corporate Policy**  
**POL-GSK-302 v01**

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**POLITICAL CONTRIBUTIONS**

Effective Date: 6 February, 2002

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**1. PURPOSE**

As a global company, GSK operates in many jurisdictions that regulate political donations. Moreover, as a business incorporated in the UK, GSK is subject to UK law that requires shareholder approval and disclosure of all donations made to European Union political organisations as well as disclosure of aggregate donations to political parties made anywhere in the world. Additionally, cultural attitudes and media scrutiny of political donations vary from country to country. Because political donations can affect corporate reputation, this policy is intended to establish a process and develop guiding principles for political contributions to ensure that GSK contributions not only comply with local laws and regulations but also protect and enhance GSK's corporate reputation.

**2. SCOPE**

This policy applies to all GSK employees world-wide, within all sectors, regions, areas and functions.

**3. POLICY**

**General**

- 3.1. Each GSK operating unit must (1) evaluate local laws and customs to determine whether political donations are permitted and appropriate, and (2) consider the potential impact on the reputation of GSK from making such donations.
- 3.2. GSK will provide transparent external reporting in the Group's Annual Report as required by the UK Political Parties, Elections and Referendums Act 2000.
- 3.3. GSK political donations must be made in full compliance with GSK's policy "Preventing Corrupt Practices and Maintaining Standards of Documentation"

(POL-GSK-007) which incorporates the requirements of the US *Foreign Corrupt Practices Act* and the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*.

- 3.4. Each operating unit must develop and adhere to procedures to review, authorise and audit donations to ensure they are in compliance with all applicable laws and with GSK financial reporting and audit requirements. Operating units must keep a record of all contributions to candidates, political parties, think tanks and campaigning organisations.

### **Europe**

- 3.5. UK law requires prior shareholder approval of political donations in the European Union and shareholders have been advised that the company does not intend to make donations to EU political parties. Contributions are defined broadly in UK law and arguably include contributions to “Think Tanks”, funding of meetings with politicians and other activities which would not normally be considered to amount to political contributions. To protect the company from any inadvertent violation of the law, shareholders have approved funds to cover contributions which could possibly, although not definitely, be defined as contributions under the UK’s definition of a contribution. Nonetheless, the company intends not to make political contributions in the EU.
- 3.6. Before committing to any political donations, European operating companies or other units proposing to make donations in Europe must notify and seek approval from the Corporate Secretariat and Global Government Affairs and Public Policy. GSK plc Directors are personally liable to repay with interest any unapproved EU Political Donations, and GSK managers who violate this policy are subject to disciplinary action up to and including separation.

### **International**

- 3.7. Before making any political donations, International operating companies will obtain the prior approval of Legal Operations International and Global Government Affairs and Public Policy. Should a donation be made, all details will be notified promptly to Corporate Secretariat.

### **United States**

- 3.8. Prior to each year, the CET will review and authorise the Vice President for Federal Government Relations and Public Policy to make corporate contributions to national political parties and organizations as permitted by Federal law. Such expenditures must be made in full compliance with all applicable laws and reported to the CET quarterly.

- 3.9. In the US, GSK donations to candidates for state office may only be made in those states that permit corporate contributions and then only in full accordance with applicable state and local law. The US Pharmaceutical Operating Committee is responsible for oversight and assuring that such contributions are in compliance with all applicable laws.
- 3.10. In accordance with the Federal Election Campaign Act, the US operating company has authorized the establishment of a “separate segregated fund”, called a political action committee or PAC, to facilitate voluntary political contributions by employees. Donations from the fund are determined by a governing board of 18 individuals from all divisions of the company. There may be no coercion in any form with respect to participation in the GSK PAC.

## **4. RESPONSIBILITY**

- 4.1. If political donations are permitted within the GSK business region (see 3.5 to 3.9), it is the responsibility of that region’s senior management to evaluate their local laws and customs to determine whether political donations are permitted by law and appropriate in their country.
- 4.2. The Company will disclose in the Annual Report information about political donations as required by UK law. The disclosure will describe each EU Political Donation contribution and the aggregate amount of donations to political parties made outside the EU.
- 4.3. The Company will include in the Annual Report an explanatory remark on the differences in the amount of contributions in the US, the EU, and International.
- 4.4. The Company will include in the Annual Report an explanatory remark on contributions in the US from the GSK Political Action Committee.
- 4.5. Corporate Secretariat will ensure that the Annual Report contains the disclosure set out in 4.2 to 4.4.

## **5. DEFINITIONS**

- 5.1. Political Action Committee (PAC):** A corporate or labor based political committee that solicits voluntary contributions from employees and shareholders for a "separate segregated fund." This fund is used by the PAC to make contributions or expenditures in connection with federal elections. Federal election laws in the U.S. prohibit corporations from using its general treasury funds to make contributions and expenditures to support federal candidates and other federal committees. However, the laws do permit

corporations to spend general treasury funds to pay for the costs of establishing and running a PAC.

## **6. ADMINISTRATION**

6.1. **Approval:** GSK Corporate Executive Team

6.2. **Sponsor:** SVP, Corp Communications and Community Partnership

6.3. **Author:** Global Community Partnership

6.4. **Date:** 29 January, 2002

6.5. **History:** New GSK Policy; supersedes SBCC-46

## **7. APPENDICES**

None.