

## Corporate Responsibility Report 2013

*“Alongside other interventions,  
an effective vaccine could  
really help reduce the burden  
of malaria for Africa.”*

# About GSK

## *Our mission*

GSK's mission is to improve the quality of human life by enabling people to do more, feel better, live longer. We are doing this by developing innovative products and improving access to healthcare for patients around the world.



### Cover image

Nahya Salim, a paediatrician and research scientist in Tanzania, Africa, has been working on GSK's RTS,S malaria vaccine trials at the Ifakara Health Institute since 2007. She is currently overseeing trials of the new vaccine, as well as researching how malaria interacts with other diseases, such as intestinal worms, TB and HIV.

## Guide to use this report

This interactive PDF is designed to help you easily navigate the report and find the information you are looking for.

### Guide to the navigation buttons

- Go to main contents page
- Search this pdf
- Print
- Go to preceding page
- Go to next page
- Return to last page visited

➔ Go to the **Overview sections summary**

### Dynamic links

Click on the dynamic links to access further relevant information within the report or online, and use the tabs at the top of the page to navigate between sections.

### Overview and summary

The overview pages at the beginning of each section provide a high-level summary of our approach and performance in 2013. You can also download a summary of the report.

### Full screen mode

The PDF is set up to view in full screen mode. To exit full screen mode, press Escape to view the full toolbar.

### Printer-friendly PDF

You can use the print icon in the navigation to print the whole document in a print-friendly format.

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# At a glance 2013

As part of our commitment to transparency we report our performance each year across the four areas of our responsible business approach.

## Health for all

Achieved a major milestone with our malaria vaccine candidate, RTS,S, which demonstrated that over 18 months of follow-up it almost halved the number of malaria cases in young children (aged 5-17 months at first vaccination) and reduced by around a quarter the malaria cases in infants (aged 6-12 weeks at first vaccination).

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## Health for all

Formed an innovative new partnership with Save the Children to help save the lives of one million children over five years.

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## Health for all

Donated our four billionth albendazole tablet to fight lymphatic filariasis and intestinal worms, as part of our commitment to work with partners to control or eliminate ten of the 17 neglected tropical diseases.

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# 4bn

## Our behaviour

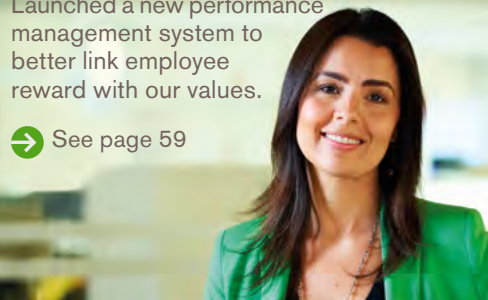
Announced plans to evolve the way we sell and market products to healthcare professionals to further align the company's activities with the interests of patients.

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## Our people

Launched a new performance management system to better link employee reward with our values.

➔ See page 59



## Our people

Began the roll out of preventive healthcare benefits through our Partnership for Prevention programme, which will be available to employees and their families worldwide by 2018.

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## Our behaviour

Became the first pharmaceutical company to enable external researchers to access detailed anonymised patient-level data from clinical trials through a new online system.

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## Our planet

Our Scope 1 and 2 carbon emissions from our operations grew slightly in 2013, although they remain 7% lower than our 2010 benchmark.

Our Scope 3 emissions (excluding raw materials) increased by 1.5% in 2013 across the value chain due to strong sales of HFA propellant-based inhalers, and have increased by 11% since 2010.

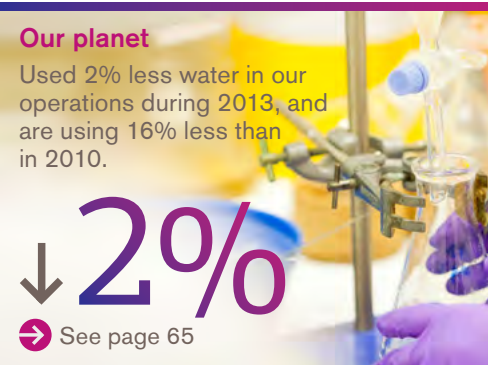
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## Our planet

Used 2% less water in our operations during 2013, and are using 16% less than in 2010.

↓ 2%

➔ See page 65



## External recognition



Topped the biannual Access to Medicines Index since it began in 2008 (the next index is in 2014).



The only healthcare company to be included in the CDP Performance Leadership Index and the CDP Disclosure Leadership Index in 2013.



Became first company to be awarded global certification to the Carbon Trust's Water Standard in recognition of our year-on-year reductions in operational water use globally.



Achieved Bronze ranking in RobecoSAM's 2014 Sustainability Yearbook (based on 2013 submission), putting us in the top 10% of our industry.



FTSE4Good

Member of FTSE4Good since 2004.

Narrowly missed inclusion of the Dow Jones Sustainability Ranking in 2013 with a score of 81.

# Who we are

GSK is a science-led global healthcare company that researches and manufactures a range of products to help people do more, feel better and live longer.

As a global healthcare company, our commercial success depends on creating innovative new medicines, vaccines and healthcare products, and making these accessible to as many people who need them as possible.

By doing this, we will be able to grow our business and provide benefits to patients, consumers, society, our employees and our shareholders.

We put our values at the heart of every decision we make, and we commit to help people do more, feel better, live longer.

## Pharmaceuticals



**£17.9bn** **67%**

Turnover of Group

We develop and make medicines to treat a broad range of conditions including: respiratory disease, cancer, heart disease, bacterial and viral infections such as HIV, lupus and skin conditions.

## Vaccines



**£3.4bn** **13%**

Turnover of Group

Our vaccines business is one of the largest in the world, producing more than 30 vaccines for children and adults against a range of infectious diseases. In 2013, we delivered 860 million vaccine doses, over 80% of them for use in developing countries.

## Consumer healthcare



**£5.2bn** **20%**

Turnover of Group

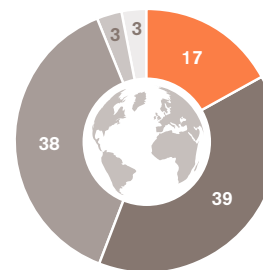
We develop and market a range of consumer health products based on scientific innovation. We have brands in four main categories: Total wellness, Oral care, Nutrition and Skin health.

Our values are transparency, respect for people, integrity and patient focus.

## Where we are

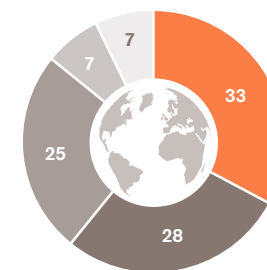
We have a significant global commercial presence in more than 150 markets, with a network of 86 manufacturing sites worldwide, and R&D centres in the UK, USA, Spain, Belgium and China.

Employees by region 2013 (%)



USA  
Europe  
EMAP  
Japan  
Other

Turnover by region 2013 (%)



USA  
Europe  
EMAP  
Japan  
Other

**£26.5bn**

2013 Group turnover

## Chairman's statement

### *Message from our Chairman*

As Chairman of the Board and the Board-level Corporate Responsibility Committee, I see first-hand that, for GSK, being a responsible business is not just about demonstrating robust governance; it is central to the company's strategy.



The company continues to deliver strong operational and financial performance, and I have no doubt that commercial success is directly linked to operating in a responsible way and which meets the changing expectations of society.

In this respect, the company continues to adopt industry-leading positions on a range of issues.

The announcement of plans during 2013 to evolve the way the business interacts with healthcare professionals and pays sales staff are developments I was particularly pleased to see.

In the same way the Board strongly supports the commitments the company has made to advance transparency around clinical trial data. Over time, it is to be hoped these steps will advance medical science and improve patient care.

The importance of strong ethical behaviour and operating according to the company's values is something myself and Board colleagues pay continued attention to.

The allegations of fraudulent behaviour by certain employees within our business in China are wholly contrary to the company's values and we take this matter extremely seriously. In addition to the Chinese Government investigation, we have commissioned an independent review of our Chinese operations by the law firm Ropes and Gray, and we will implement all appropriate actions as necessary on conclusion of these investigations.

The role of the CR Committee is to provide high-level guidance and oversight on matters related to responsible business.

In 2013, we have reviewed progress against the ambitious CR commitments, first set out in last year's Report. After just one year, while few of these long-term goals are close to completion (indeed, if they were, I would question whether they were challenging enough), it is the Committee's view that GSK is on track and there is tangible evidence of steps being taken that will help the company achieve them (see page 9).

The Committee continues to recognise the value that external perspectives can bring, and in May, Sophia Tickell was reappointed as an external advisor. As a respected CR expert with specific expertise in healthcare and climate change, she brings valuable external insight. I would also like to welcome Non-Executive Director, Hans Wijers, who joined the Committee in October.

The CR Committee and the Board will continue to support – and constructively challenge – the company's actions to operate a responsible values-based business. I look forward to seeing further progress in 2014.

A handwritten signature in black ink, appearing to read 'Chris Gent'.

**Sir Christopher Gent**  
Chairman

## CEO's statement

### Message from our CEO

As a global healthcare company, GSK can play an important role in meeting societal challenges. In 2013, we continued to develop innovative life-saving drugs and work with partners to get medicines to the people that need them most.



Over the past six years we have been making fundamental changes to deliver innovation and access to our products for patients and customers, and improved sustainable financial performance for our shareholders.

2013 was the most productive period of R&D output in the company's history. Of the six major new medicine files we profiled at the start of 2013, five were approved and we are expecting regulatory decisions for the remaining asset in this group in the first half of 2014. In addition, we launched our new injectable quadrivalent flu vaccine in the USA. Together, these new drugs offer patients a range of new treatment options and represent substantial opportunities for business growth.

We continue to take action to reform our business model to meet the expectations of society and deliver our mission, in line with our values.

In 2013, we made new commitments to increase transparency of our clinical research by announcing our support for the AllTrials campaign and becoming the first pharmaceutical company to commit to publishing the detailed clinical study reports for all of our medicines. In May, we were the first in our industry to launch an online system enabling researchers to request access to anonymised patient-level data from our clinical trials. I am pleased that some other companies have now also adopted this approach.

We also announced plans to evolve the way we sell and market products to healthcare professionals, to further align our activities with the interests of patients and remove even the perception of conflict of interest. Specifically, we plan to stop direct payments to healthcare professionals for speaking engagements and for attendance at medical conferences, and extend our US 'Patient First' programme globally, to decouple sales team remuneration from scrip generation.

We continue to expand access to our medicines to people living in the developing world.

During 2013, we signed a ground-breaking five-year partnership with Save the Children, to combine the resources and capabilities of our two organisations to help save the lives of one million children living in the poorest countries in Africa.

In 2013, we donated our four billionth tablet of albendazole to treat intestinal worms and lymphatic filariasis – part of our long-term commitment to tackle neglected tropical diseases – and delivered 862 million vaccine doses worldwide. We also strengthened our global initiatives to tackle non-communicable diseases such as cancer, diabetes, respiratory and heart disease.

I am also delighted we achieved a significant milestone for our malaria vaccine candidate which demonstrated that it could potentially halve the number of malaria cases in young children. This vaccine has the potential to save hundreds of thousands of children's lives and we plan to file for approval during 2014. We are committed to making it available at a not-for-profit price.

There is no higher priority for me than the values-based conduct of our employees. In the past few years, we have focused on bringing to life our values and being thoughtful about what they really mean at a human level.

It is because of my strong belief in our company's values that the allegations made in China about the behaviour of some individuals were so disappointing. The investigation into this matter by the authorities in China continues and we are cooperating fully. As a company, we are committed to learning the lessons and taking all necessary action in relation to the outcome of this investigation.

Our continued commitment to transparency was also evident in our efforts to disclose and address our environmental impacts. We are the only healthcare company listed in both the CDP's Disclosure Leadership Index and its Performance Leadership Index in 2013, for our clear reporting and performance on climate impacts.

My job as CEO is to deliver a healthy company, and that is only possible with healthy employees. Our ground breaking Partnership for Prevention initiative will give benefits-eligible employees and their families equal access to preventive and basic healthcare benefits wherever they are based.

In 2014, we will continue to challenge our business model at every level, to ensure we are responding to the needs of patients and meeting the wider expectations of society.

**Sir Andrew Witty**  
Chief Executive Officer

# How we create value

We are adapting our business model and pursuing a strategy that delivers sustainable performance through innovation and expanding access, driven by our values.

## Our mission

We have a challenging and inspiring mission: to improve the quality of human life by enabling people to do more, feel better, live longer. This mission gives us the purpose to develop innovative medicines and products, and make them available to as many people who need them as possible.

Our mission is underpinned by a number of key factors.

To achieve our mission, we rely on our people – their knowledge, their expertise and their enthusiasm – and put our values at the heart of every decision we make.

Our strategic priorities – grow, deliver, simplify – help us work towards our vision, while enhancing business performance and delivering sustainable growth.

We focus on understanding the needs of patients, consumers and individual markets so we can channel our research into developing appropriate products. These insights also enable us to adapt our business model to improve availability and affordability.

## Our business model

We have a broadly-based and balanced business across pharmaceuticals, vaccines and consumer healthcare. At the core of our business model are the concepts of innovation and access. We create value by researching and manufacturing innovative and high quality products, and making these accessible to as many people who need them as possible.

Improving healthcare and making it affordable and accessible to more people is a huge challenge, and one that requires a combined effort.

To meet this challenge, everyone involved in providing healthcare – industry, healthcare professionals, universities, healthcare funders including governments, charities and regulators – need to work together. With this in mind, partnership and collaboration is a key principle of our business approach.

We continue to reform our business model. For example, we have taken industry-leading positions to improve global public health through our pricing and access strategies, increase transparency of our clinical trial data and modernise our commercial practices and interactions with customers.

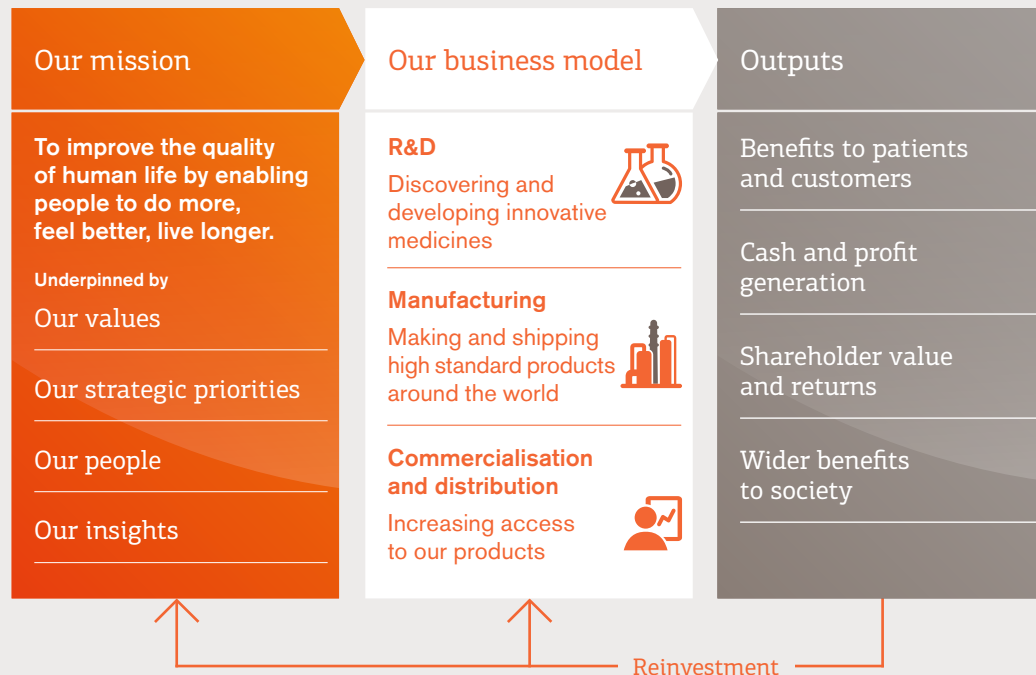
## Outputs

Delivering innovation and maximising access to our products generates value for patients, and society more widely.

Our primary contribution is to make products that provide benefits to patients and consumers.

Successful delivery of this generates profitable and sustainable performance. In turn, this allows us to generate value and returns for our shareholders, and enables us to reinvest in the business.

We also create value by making direct and indirect economic and social contributions in the countries where we operate. These wider benefits to society include contributions through tax, employment and enhancing the well-being of local communities through our global community initiatives.





# Our business strategy

Our business strategy aims to help us deliver sustainable growth, reduce risk, and enhance the long-term value we deliver to our shareholders and society.

## Our aim

## Our progress

## Highlights

## Our priorities

### Grow a diversified business

We have been creating a more balanced business and product portfolio, capable of delivering sustainable sales growth. This is centred on our three business areas of Pharmaceuticals, Vaccines and Consumer Healthcare.

Total sales grew 1% to £26.5 billion in 2013 (3% excluding divestments).

Performance was generated from multiple businesses and geographies reflecting successful implementation of the strategy.

# £26.5bn

Group turnover

# 39%

Group turnover outside USA and Europe

- Successful launch and commercialisation of new products from our pipeline
- Continue to invest in key growth businesses including Emerging Markets, Vaccines and Consumer Healthcare
- Look for further opportunities to increase focus and optimise value of our product portfolio

### Deliver more products of value

We have changed our R&D organisation so that it is better able to sustain a pipeline of products that offer valuable improvements in treatment for patients and healthcare providers.

This is underpinned by a focus on improving productivity and rates of return in R&D.

During 2013, we received approvals for six major new products and several new indications for existing medicines and vaccines.

We also generated a high volume of phase III data on key assets in our pipeline.

Our estimated return on R&D investment increased to 13%.

# 6

Significant new product approvals in 2013

# 40

Medicines in phase II/III development

- Delivery of phase III data for six potential new medicines and vaccines, and around ten NME phase III starts across 2014/2015
- Continued focus on increasing R&D rate of return

### Simplify the operating model

As our business continues to change shape, we are transforming how we operate so that we can reduce complexity and become more efficient.

This frees up resources to reinvest elsewhere in the business.

We have several restructuring programmes which are on track to deliver total annual savings of £4.3 billion by 2016, compared with 2007. During 2013 we delivered incremental savings of £400 million.

We are also making good progress transforming our manufacturing network, supply chain and enterprise-wide processes.

# £400m

Incremental savings in 2013

# 10

Days reduction in working capital

- Further cost savings delivery from our restructuring programmes
- Further roll-out of standardised enterprise platforms and delivery of an integrated supply chain

### Responsible business

Being a responsible business is central to our strategy, and how we deliver success is just as important as what we achieve. Ensuring our values are embedded in our culture and decision-making helps us better meet the expectations of society.

In 2013, we have made considerable further progress on our agenda to operate responsibly.

Specifically, we took action to increase transparency of clinical research data, and modernise our commercial operations and interactions with customers.

We also made progress on driving access to medicines in the poorest countries and passed a key milestone in the development of a potential vaccine against malaria.

# 60%

Increase in the volume of medicines supplied to Least Developed Countries since 2010

# 1st

Pharmaceutical company to sign AllTrials campaign for research transparency






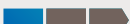

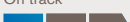

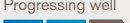



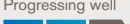



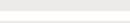

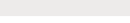

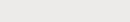

- File our RTS,S malaria vaccine candidate for approval in 2014 and, if approved, offer at a not-for-profit price
- Implement changes on how we incentivise our sales teams and work with healthcare professionals

# Commitments

## Progress overview










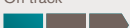









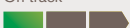





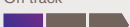



In 2012, we developed forward-looking commitments across the four areas of our responsible business approach. They aim to address unmet global health needs and are aligned with our strategic priorities and our values.

This year we are reporting on our progress against these commitments and here we provide a summary.

	 Commitments	 Progress tracker	 Find out more		
<b>Health for all</b>	<b>Innovation for unmet medical needs</b>	Adapt the open innovation R&D model, currently used for Diseases of the Developing World, to apply to other areas of great unmet medical need and scientific challenge, including infectious disease and Alzheimer's disease, by 2015.	On track 	Worked to promote R&D of new antibiotics and accelerate development of treatments for Alzheimer's disease through the Innovative Medicines Initiative, and continued to research multi-drug-resistant tuberculosis.	 Page 18
	<b>Developing vaccines that don't need to be kept cold</b>	Invest in the development of vaccines that don't require continuous refrigeration, making distribution easier and less expensive.	On track 	Partnered with the Bill & Melinda Gates Foundation to accelerate advances in vaccine research, including making them less vulnerable to heat.	 Page 17
	<b>Building products to better meet needs</b>	Continue to build a core range of products and formats to better meet the needs of people across the globe, including those less able to access and afford our products.	On track 	Our 'catch-up' programme in developing countries received approvals for a further 26 products in 2013; and we reached 16,000 villages in India with low cost nutritional formulation of <i>Horlicks</i> .	 Page 22
	<b>Better access to medicines and vaccines</b>	Further embed our flexible pricing strategy and innovative business models for our prescription medicines and vaccines, to increase usage among those less able to access and afford our products.	Progressing well 	Updated our approach to tiered pricing for vaccines.	 Page 20
	<b>Reducing child mortality</b>	Continue to invest in innovative cross-sector partnerships to reduce child mortality.	On track 	Formed a ground-breaking partnership with Save the Children to help save one million children's lives.	 Page 15
	<b>Strengthening healthcare infrastructure</b>	Continue to work with partners to support the development and strengthening of healthcare infrastructure. We anticipate this could improve access to healthcare for 20 million under-served people by 2020 (vs 2012).	Progressing well 	Launched innovative partnerships with Barclays and Vodafone, and invested £5.1 million in strengthening healthcare infrastructures through our 20% reinvestment programme in Least Developed Countries.	 Page 23
	<b>Access to antiretroviral treatment for HIV</b>	Through ViiV Healthcare, continue to increase access to our medicines and care for adults and children living with HIV around the world. We will help World Health Organization (WHO) and UNAIDS achieve their goal of reaching 15 million people globally with antiretroviral treatment by 2015.	On track 	Committed to grant the UN-supported Medicines Patent Pool, a voluntary licence to develop paediatric formulations of the antiretroviral medicine abacavir, to treat HIV in the 118 countries where 98% of HIV positive children live globally.	 Page 29
	<b>Fighting malaria</b>	Build on our 30 year commitment to contribute to the fight against malaria through continued R&D investment and partnerships on the ground.	Progressing well 	Announced large scale phase III trial data for our malaria vaccine RTS,S and are developing a medicine, Tafenoquine, in partnership with MMV for the treatment and relapse prevention of <i>vivax</i> malaria.	 Page 27
	<b>Eliminating and controlling neglected tropical diseases</b>	Help to eliminate and control ten neglected tropical diseases that affect 1.4 billion people, by 2020 – including the elimination of lymphatic filariasis, through our continued investment in R&D, ongoing product donations and our contribution to the London Declaration on Neglected Tropical Diseases.	On track 	Donated 763 million albendazole tablets to eliminate Lymphatic Filariasis and control soil-transmitted helminths, and screened our compound library for promising treatments for parasites that cause sleeping sickness, Chagas Disease and Visceral Leishmaniasis.	 Page 26
	<b>Eradicating polio</b>	Continue to support the WHO objective of eradicating polio by 2018 by providing vaccines to UNICEF until this is achieved.	Progressing well 	Provided a further 412 million doses of Oral Polio Vaccine to the Global Polio Eradication Initiative.	 Page 27

# Commitments

## Progress overview *continued*

	 Commitments	 Progress tracker	 Find out more
<b>Our behaviour</b>	<b>Promoting values in sales and marketing practices</b> Continue to drive a values-based approach to sales and marketing practices across the world, with the interests of consumers and patients at its core.	On track  Announced changes to our global sales and marketing practices to further ensure patient interests come first, and introduced a new performance management system focused on values.	 Page 43
	<b>Rigorous patient and consumer safety</b> Continue to ensure the interests and safety of patients and consumers are of paramount importance in the way we design and undertake our clinical trials, our product quality assurance and our monitoring and reporting of adverse events in ongoing product usage.	Progressing well  Strengthened resources to enhance our pharmacovigilance operating model, expanded dedicated product quality teams and maintained our robust policies and governance framework on patient safety.	 Page 41 and 45
	<b>Minimising animal testing</b> Rigorously challenge the need for animal studies and work to minimise the impact on animal welfare, by investing in the development of alternative studies and sharing animal-based data.	On track  Reduced number of animals used in our research by 10% in 2013.	 Page 41
	<b>Promoting Human Rights</b> Address the UN Guiding Principles on Business and Human Rights across our own operations and our supplier relationships.	On track  Conducted a human rights impact assessment and prioritised seven areas for further analysis, and updated our human rights statement accordingly.	 Page 39
	<b>Transparency in clinical trial data</b> Be as transparent as possible with our clinical trial data, including publishing clinical study reports (without patient-level data) for all outcome trials of medicines conducted by GSK and, within an appropriate process, making available to researchers access to anonymised patient level data to further scientific enquiry.	Progressing well  Launched online system enabling researchers to request access to the detailed anonymised patient-level data from our clinical trials and became first pharmaceutical company to publish clinical study reports.	 Page 40
	<b>Ensuring ethical stakeholder interactions</b> Demonstrate that all GSK interactions with patient advocacy groups and political stakeholders are conducted appropriately, ethically and transparently.	On track  Embedded new criteria to ensure public policy groups we work with are aligned with our values and agreed relevant Standard Operating Procedures.	 Page 47
<b>Our people</b>	<b>Promoting inclusion and diversity</b> Continue to promote inclusion and diversity globally at GSK.	On track  Agreed to establish Global Disability Council and introduced gender targeted coaching and sponsorship.	 Page 55
	<b>Creating inspiring and healthy workplaces</b> Continue to create a working environment that inspires people to grow and perform in a healthy and resilient way.	On track  Interim employee survey results showed improvements in team leader effectiveness; continued to roll out preventive healthcare for employees; reduced injury and illness rates by 12% from 2012.	 Page 57
	<b>Community volunteering to create change</b> Extend volunteering opportunities to bring about positive change to communities and global health while providing individual development.	On track  Increased the number of employees taking part in PULSE volunteer partnership programme to 99 (from 58 in 2010).	 Page 54
<b>Our planet</b>	<b>Aiming to be carbon neutral</b> Reduce our overall carbon footprint by 25% by 2020 (vs. 2010) and have a carbon neutral value chain by 2050.	Work to do  Scope 1 and 2 carbon emissions from our operations up 2% in 2013, but down 7% since 2010; Scope 3 emissions (excluding raw materials) up 1.5% in 2013 and up 11% since 2010, due to strong sales of HFA propellant-based inhalers.	 Page 64
	<b>Reducing our water impact</b> By 2020, reduce our water impact across the value chain by 20% (vs. 2010).	On track  Used 16% less water in our operations (vs. 2010); mapped water use across our value chain; became first company to be awarded global certification to the Carbon Trust's Water Standard.	 Page 65
	<b>Reducing our waste</b> By 2020, reduce our operational waste by 50% (vs. 2010).	On track  Cut total waste by 6% and sent 39% less to landfill (vs.2010); achieved zero waste to landfill at 37 sites.	 Page 66
	<b>Building sustainability in our supply chain</b> Build sustainable supply lines for our Nutrition portfolio and work with local farmers to improve their agricultural practices, improve their yields, their competitiveness and their livelihoods.	On track  Began working with a dairy supplier in India to develop a secure supply of locally produced whey protein (from milk) to make <i>Horlicks</i> , and now source 60% of whey protein from the local supplier in India for <i>Horlicks</i> .	 Page 67

# Health for all

Driven by our steadfast focus on the patient, we are bringing health benefits to more people around the world through our open, flexible and collaborative approach to innovation and access to healthcare.



## In focus

Philomene is being treated for breast cancer at the Butaro Cancer Centre of Excellence, Rwanda. As part of our work to address non-communicable diseases in the developing world, we are funding the training of cancer healthcare professionals in Rwanda in partnership with charities and the government. This will increase access to trained cancer specialists for patients like Philomene.

[→ Read more on page 25](#)

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# Health for all

## Overview

To bring new vaccines and medicines to patients faster, we are accelerating our innovation processes, opening up our research findings and resources to others, and bringing together partners to explore new delivery models and flexible pricing strategies to increase access to our existing range of products.

We have been at the forefront of the transformation in our industry's approach to global healthcare over the past decade, but we know there is still much more to be done to meet major health challenges. We want to play a leading role in this effort, while generating the returns we need to invest and grow our business.

We remain committed to improving treatment options and life-saving vaccines and medicines through our strategies to extend access and foster innovation, and our continued focus on diseases of the developing world. The ways in which we have evolved our business model enable us to make a significant contribution to the [UN's Millennium Development Goals](#) for 2015.

Through our own work and collaboration with others in our sector and beyond, we are creating sustainable solutions that will improve quality of life by enabling people to do more, feel better and live longer.



### Internal perspective

*“Scientific and technological innovation will enable us to make the advances necessary to bring new medicines, in new ways, to patients everywhere. At GSK, we are working with many partners and across many areas – such as gene therapy and biopharmaceuticals – to develop medicines for diseases where effective treatments do not currently exist. We’re also playing our part in exploring new ways to stimulate innovation in areas where the commercial incentive is weaker – for example on TB, antibiotic resistance or Alzheimer’s.”*

**Patrick Vallance**  
President, Pharmaceuticals R&D, GSK

### External perspective

*“Community health workers provide vital services to rural communities and GSK has been a pioneer and trail-blazer in supporting the deployment of CHWs across Africa. The One Million Community Health Workers Campaign will save lives and help rural communities in sub-Saharan Africa to break free of extreme poverty. By promoting the systematic deployment of a million CHWs, roughly 1 per 100 households in rural areas, the Campaign will support sub-Saharan Africa to make major strides towards the Millennium Development Goals and beyond.”*

**Jeffrey Sachs**  
Director of the Earth Institute and the Sustainable Development Solutions Network

### External perspective

*“Given the scale of the disease burden in developing countries, we look forward to our continued work with GSK to develop essential lifesaving health interventions. We’re particularly excited about GSK’s long-term commitment to global health R&D and innovation in malaria.”*

**Dr. Trevor Mundel**  
President, Global Health Programme,  
Bill & Melinda Gates Foundation

# Health for all 2013 at a glance

## Innovative science to create value for all

Of the six major new medicines we profiled at the start of 2013, five were approved. We are expecting regulatory decisions for the remaining asset in the first half of 2014. We also launched a new injectable quadrivalent flu vaccine in the USA.

GSK accounted for 19% of FDA new drug approvals.

➔ See page 16

# 6

## Innovative science to create value for all

# £3.4bn

Invested £3.4bn in global research and development for innovative medicines, vaccines and consumer products.

We have 40 new molecular entities in phase II/III clinical development.

➔ See page 16

## Access to healthcare

Increased our focus on non-communicable diseases such as diabetes and cancer in developing countries through research and training for healthcare providers.

➔ See page 25

## Access to healthcare

Partnered with Save the Children to help save the lives of one million children.

➔ See page 15

## Access to healthcare

Delivered 46.8 million vaccine doses to GAVI Alliance at affordable prices to protect children from pneumococcal diseases, rotavirus gastroenteritis and cervical cancer.

➔ See page 20

# 46.8m

## Diseases of the developing world

Achieved a major milestone in our malaria vaccine candidate, which demonstrated that over 18 months of follow-up, RTS,S almost halved the number of malaria cases in young children (aged 5-17 months at first vaccination) and reduced by around a quarter the malaria cases in infants (aged 6-12 weeks at first vaccination).

➔ See page 27

## Diseases of the developing world

Donated our four billionth albendazole tablet to fight lymphatic filariasis and intestinal worms as part of our commitment to work with partners to control or eliminate 10 of the 17 neglected tropical diseases.

➔ See page 26

# 4bn

## HIV/AIDS

Obtained regulatory approval in the USA, Canada and Chile for *Tivicay* (dolutegravir), a new treatment option for people living with HIV.

➔ See page 29

## HIV/AIDS

Agreed to grant the UNITAID-backed Medicines Patent Pool, a voluntary licence for paediatric formulations of the antiretroviral medicine, abacavir, in 118 countries, where 98% of HIV positive children live.

➔ See page 30

## Access to healthcare

Updated our tiered pricing model for vaccines to increase support for countries committed to long-term immunisation programmes that reflects their ability to pay.

➔ See page 20

## Access to healthcare

Reinvested 20% of the profits we made in Least Developed Countries – £5.1 million – to train community health workers and strengthen healthcare infrastructure in those countries.

➔ See page 23



## Diseases of the developing world

Provided 412 million doses of oral polio vaccine as part of our continued support for global efforts to eliminate the disease – we have contributed over 15.8 billion doses since 1988.

➔ See page 27

# 412m

## Health and well-being in our communities

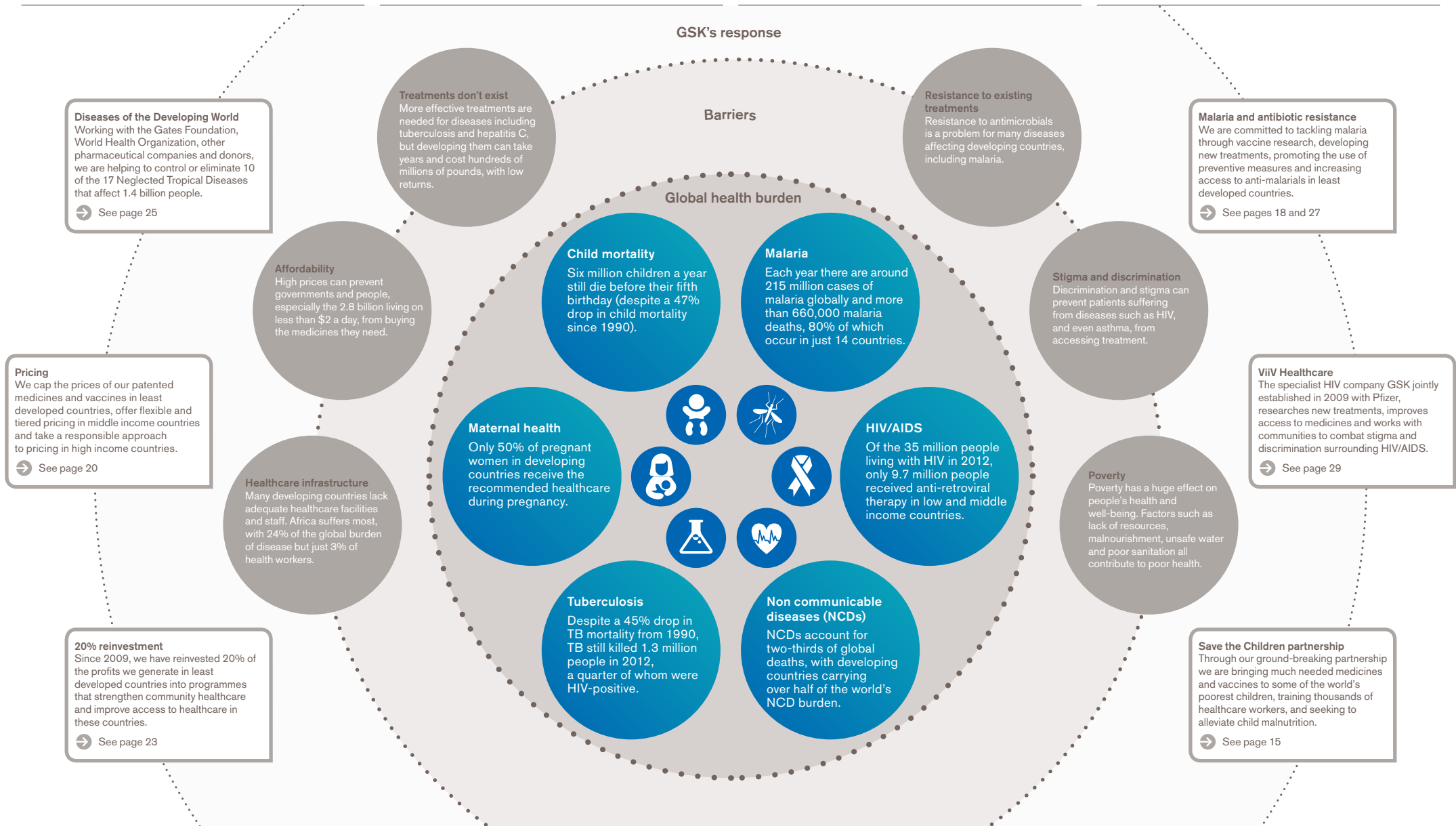
# £221m

Donated £221 million to promote the health and well-being of communities through funding, product donations and employee volunteering.

➔ See page 31

# Improving healthcare: a global challenge

As a global healthcare company, GSK works within the context of the global health burden, exemplified by the UN Millennium Development Goals. We recognise the complex barriers to health and are responding in innovative ways.



## Ground-breaking partnership with Save the Children to help save one million lives

### Commitment

Continue to invest in innovative cross-sector partnerships to reduce child mortality.

Our ground-breaking partnership with international children's charity, Save the Children, will help save the lives of one million children. By combining our expertise, resources and capabilities, we will bring much-needed medicines and vaccines to some of the world's poorest children, train thousands of healthcare workers, and seek to alleviate child malnutrition. GSK is investing at least

£15 million in grants and we are encouraging employees to raise £1 million a year through volunteering and fund raising (see page 56).

Globally, over six million children die every year due to a lack of basic healthcare, vaccines or nutritious food. We are establishing signature programmes in the Democratic Republic of Congo (DRC) and Kenya to test the impact of a series of

comprehensive interventions. A joint R&D board will explore the development of new or repurposed products to tackle the causes of newborn and infant death.

One of our first life-saving projects is the reformulation of chlorhexidine, an antiseptic found in our Corsodyl mouthwash, for umbilical cord cleansing to prevent infection in newborns. If applied for the first few days of their life, this gel could play a vital role in preventing infection and saving babies' lives. This is one of the 13 interventions recommended

by the UN Commission on Life Saving Commodities.<sup>1</sup>

We are also registering a child-friendly, powder-based antibiotic into the DRC to help fight pneumonia, one of the biggest killers of children under five, as well as developing a low-cost nutritional product to help combat child under-nutrition.

This new partnership builds on our collaboration with Save the Children over the past eight years, which includes work on our 20% reinvestment programme in Least Developed Countries

(see page 23) and the Africa Malaria Partnership (see page 28). Together we awarded US\$1 million in 2013 for healthcare innovations originating in the developing world. The award was split between five organisations, with the largest portion going to Friends of Sick Children in Malawi, for their development of a low-cost device to help newborn infants breathe.

<sup>1</sup> Source: <http://www.everywomaneverychild.org/resources/un-commission-on-life-saving-commodities>



## Innovative science to create value for all

Our approach to innovation is helping us strengthen our portfolio of medicines, vaccines and consumer healthcare products to bring benefits to patients around the world.

We are committed to creating innovative products that deliver value for all – healthcare payers and providers, and most of all, patients. We are accelerating the delivery of new products by streamlining our research and development (R&D), focusing on products that bring most value, and forging strong partnerships with others in our industry and in academia.

We also aim to stimulate innovation by opening up access to our expertise, our facilities and, in some cases, our intellectual property to support external research in areas of great medical need.

Developing medicines and vaccines for diseases that disproportionately affect developing countries and poorer populations in middle-income countries remains a key focus for GSK.

### Unprecedented approvals and strong pipeline

Our approach is helping us accelerate R&D, yielding impressive results. Of the six major new medicine files we profiled at the start of 2013, five were approved: *Breo* and *Anoro* for respiratory disease, *Tafinlar* and *Mekinist* for melanoma (skin cancer) and *Tivicay* for HIV. We are expecting regulatory decisions for albiglutide, the remaining asset in this group, in the first half of 2014. In addition, we launched our new injectable quadrivalent flu vaccine in the USA. Overall, GSK accounted for 19% of FDA new drug approvals during 2013. We have achieved this feat while spending less on R&D than we did five years ago.

Our six major new medicines are:

- *Breo/Relvar Ellipta* approved in the USA to treat Chronic Obstructive Pulmonary Disease (COPD), the fifth leading cause of death globally, in Europe to treat asthma and COPD, and in Japan to treat asthma.
- *Anoro Ellipta* also approved for COPD in the USA.
- *Tafinlar*, an oral metastatic melanoma therapy, approved in the USA and Europe.
- *Mekinist*, a treatment for melanoma, approved in the USA.
- *Tivicay*, ViiV Healthcare's new treatment option for people living with HIV, approved in the USA and Europe.
- *Fluarix/Flulaval*, quadrivalent flu vaccines that protect against four different strains of the virus, approved in the USA (*Flulaval*) and Europe (*Fluarix*).

Our pipeline remains extensive and we aim to have a continued flow of product launches which will bring benefits to patients and continue to diversify our portfolio. We have around 40 new molecular entities (NMEs) in phase II/III clinical development. In 2014 and 2015 we expect phase III read-outs for six NMEs and are planning ten NME phase III starts in key areas such as respiratory, oncology and immuno-inflammation.

Our Discovery Performance Unit (DPU) based discovery research strategy is also continuing to progress very well. They have shown sustained improvement in both quality of compounds and more especially the research areas being prospected, such as immuno-inflammation, antibody platforms, epigenetics and heart failure.

We are committing resources to stimulate innovation into the development of promising new technologies that could treat the diseases of tomorrow. For example, in 2013, we established a new bioelectronics R&D unit to catalyse research into approaches that modulate signalling patterns in the nerves to specific organs, which offer new ways to treat chronic diseases.

We also encourage entrepreneurship and innovation in the biotech sector. For example, we joined forces with Johnson & Johnson to launch the Index Ventures' first fund which is dedicated to making investments in the life sciences sector and our own independent corporate venture firm, [SR One](#). GSK is also a founding investor in the new [Global Health Investment Fund](#) (see case study below).

### Saving millions of lives: How's that for a return on investment?

We have committed US\$10 million to a new investment fund structured by JPMorgan Chase & Co. and the Bill & Melinda Gates Foundation to help tackle health challenges that are particularly prevalent in low-income countries by advancing the most promising innovations. The Global Health Investment Fund, or GHIF, will finance the development of new drugs, vaccines, diagnostic tools and other interventions that target malaria, tuberculosis, HIV/AIDS, and maternal and infant mortality.

To mitigate the risk of investing in the clinical development of new technologies, the Gates Foundation and the Swedish International Development Cooperation Agency will partially offset potential losses in the Fund. GSK will also contribute valuable advice on scientific and product development, manufacturing, and regulatory issues through our participation on the Fund's Scientific Advisory Board.

# Innovative science to create value for all

*continued*

## How we innovate

To foster innovation, we empower our scientists and researchers to think creatively while maintaining a focus on scientific discipline. To help us do this more effectively, we:

- Research only those treatments that offer significant improvements over existing options, based on our understanding of patient needs.
- Create smaller specialist research teams, such as our specialist multidisciplinary Discovery Performance Units.
- Simplify processes, improve team efficiency and enable people to focus on higher value activities.
- Access and catalyse innovation through collaborations with public and private organisations.
- Identify and terminate projects that are unlikely to be successful early to free up resources to pursue more promising leads.
- Focus on progressing the development of pipeline projects by optimising resources through innovative and smarter clinical trial design.

Through our Focus on the Patient programme, we connect our researchers with the patients they are ultimately developing medicines for. This provides our researchers with important insights into the challenges of living with a disease, and enables us to incorporate patient feedback directly into the R&D process. In 2013, more than 5,000 employees participated in seven

patient seminars on topics such as neglected tropical diseases, type 2 diabetes, gene therapy, HIV, chronic hand eczema and Duchenne muscular dystrophy.

## Collaborating with others

The world's biggest public health challenges can only be solved if researchers from different scientific organisations and institutions work together, sharing their knowledge and expertise. To this end, we are involved in a number of innovative collaborations with a broad range of both public and private bodies. These include initiatives with governments, scientific institutions and other companies to address some key public health problems, including antibiotic resistance and dementia.

*"Having had my world turned upside down in 1997, due to my systemic sclerosis diagnosis, the Focus on the Patient programme has given me hope that a cure will be discovered, consigning this debilitating disease to the history books. The programme has provided a perfect platform for me to share the day-to-day challenges of living with this condition, and highlight potential areas for future treatments which are currently absent."*

**Nicola Whitehill**  
Focus on the Patient participant



GAVI/Adrian Brooks

## Making vaccines more immune to heat

### Commitment

Invest in the development of vaccines that don't require continuous refrigeration, making distribution easier and less expensive.

Vaccines are notoriously susceptible to heat, making transport a challenge, especially in hot, remote regions where people often need them most.

In 2013, GSK and the Bill & Melinda Gates Foundation (BMGF) partnered in a new joint initiative that aims to accelerate advances in vaccine research and development that have the potential to transform global health.

GSK and BMGF will invest a combined US\$1.8 million in early stage research into vaccine thermostability.

One of the first projects is exploring how to make adjuvants – a critical component of some vaccines – more heat stable. The project will initially focus on GSK's RTS,S malaria vaccine candidate (see page 27), which has been designed for use in infants and children in sub-Saharan Africa, where maintaining vaccines at an optimum temperature can be challenging.

# Innovative science to create value for all

*continued*

Our [Discovery Partnerships with Academia](#) programme brings together the insight and creativity of the academic world, and GSK's drug discovery expertise and tools to translate innovative research into medicines that benefit patients. In 2013, we launched [Discovery Fast Track](#) in North America, a competition designed to identify promising academic research that could accelerate development of new therapies. The eight projects selected target important unmet medical needs, including antibiotics resistance, diseases of the developing world and certain types of cancer. The winners will be granted access to GSK's screening technology, compound libraries and expertise in drug discovery.

Trust in Science, our partnership with government funding agencies, aims to build a sustainable, long-term scientific research base in [Latin America](#) and [Africa](#). The initiative partners GSK teams with other scientists to develop medicines for diseases affecting the regions, focusing on infectious diseases as well as non-communicable diseases. Eleven new projects were selected for support in Brazil and Argentina in 2013, in addition to the 26 existing active projects in Latin America, and we also launched Trust in Science in Africa. We received 182 proposals in Kenya, Tanzania and Uganda, eight of which were selected in the areas of malaria, HIV, nutrition, maternal health and COPD.

## Targeting unmet medical needs

### Commitment

Adapt the open innovation R&D model, currently used for Diseases of the Developing World, to apply to other areas of great unmet medical need and scientific challenge, including infectious disease and Alzheimer's disease, by 2015.

We adopt flexible business models that enable us to use our expertise to address areas of unmet medical need where there is not necessarily potential for commercial return. Central to this is our open innovation strategy, which has transformed our approach to intellectual property and external partnerships.

While our current open innovation models focus on diseases of the developing world, we are also exploring ways to extend these models to solve other pressing health challenges, including anti-microbial resistance and non-communicable diseases such as Alzheimer's.

For example, we are working with others to encourage research into new antibiotics through the Innovative Medicines Initiative (IMI), one of the largest public-private partnerships in global health research (see page 47). GSK is also leading IMI's PharmaCog project, which aims to accelerate the development of new drugs for Alzheimer's disease, and we are funding the UK Dementias Research Platform. Led by the Medical Research Council, the platform is a public-private partnership that seeks to improve the ability to detect signs of early-stage neurodegenerative disease and support the development of new treatments.

## Addressing the urgent need to tackle antibiotic resistance

No one would like to go back to a time before penicillin revolutionised the treatment of bacterial infections. But the alarming growth in antibiotic resistance is making this once impossible scenario more probable.

Antibiotic resistance, which is the ability of a microorganism to withstand the effects of an antibiotic, has coincided with declining antibacterial drug development. As a result, the world is seeing isolated infections of multi-resistant bacteria that are untreatable with existing drugs.

Despite the challenging scientific, regulatory and commercial environment, we are one of the few pharmaceutical companies committed to delivering new antibacterials to help address the growing threat of antibacterial resistance. This commitment includes:

- A dedicated R&D team focused on antibiotics research that has resulted in three antibacterial compounds in the early stages of clinical trials.
- Endorsing the appropriate use of antibacterials, aiming to reduce resistance by ensuring that the right medicine is prescribed at the right dose, for the right duration (antibacterial stewardship).
- Ongoing efforts to engage with scientific and medical communities and share findings from our own R&D.

- A commitment not to license our new antibacterials for agricultural use, recognising that high levels of antibacterial use in farming has the potential to increase resistance.

We are also participating in a range of collaborations to address the challenges of delivering new antibiotics to the market, including New Drugs for 4 Bad Bugs – the key programme of the Innovative Medicines Initiative. Through this unprecedented initiative, we have led the development of three new collaborative models on clinical trial, basic research and drug discovery, which has created a single vision, a comprehensive research plan, and a fully collaborative framework agreement that takes into account the interest of all partners involved.

With one of our investigational antibacterials due to enter phase III development in 2014/2015, we are already seeing evidence that our approach to antibiotics R&D is working. This potential new medicine was discovered by GSK scientists and is being developed in partnership with the USA's Defense Threat Reduction Agency and Biomedical Advanced Research and Development Authority – highlighting the merits of collaboration in this area.

# Innovative science to create value for all

*continued*

In early 2014, we joined the Accelerated Medicines Partnership (AMP), a new partnership between the National Institutes of Health (NIH), ten pharmaceutical companies, and three non-profit organisations. The goal of the AMP is to transform the current model for developing new diagnostics and treatments in challenging disease areas by jointly identifying and validating promising biological targets. Work will begin in three disease areas: Alzheimer's disease, diabetes, and the autoimmune disorders, rheumatoid arthritis and lupus, with an initial investment of more than \$188 million. GSK will be participating in, and providing funding for, the Alzheimer's pilot. The data and analyses generated through this work will be made publicly available to the broad biomedical community.

We are also working in collaboration with partners in industry and academia to enhance approaches to delivering new clinical candidates against multi-drug-resistant tuberculosis (TB).

## Sharing our research

The industry average time from discovery to approval of a new drug is more than 13 years, with a failure rate of over 95%<sup>2</sup>. We believe that by sharing our research findings – on our successes and failures – we can accelerate the drug development process by helping others build on our existing research, and stimulate innovation to develop new therapies for patients.

As part of this commitment, we have already screened GSK's entire compound library of over two million compounds for any that may inhibit malaria or TB, identifying 13,500 and 180 promising 'hits' respectively. By making information on these hits available, we hope to encourage other scientists to carry out additional research that will drive the discovery of new treatments against these diseases. Our malaria compound set is part of the 'malaria box set' that Medicines for Malaria Ventures has sent to more than 160 groups around the world. We have also shared our TB compound set with more than ten research groups around the world. Through our Open Lab initiative, researchers are also screening our compound library for 'hits' that could ultimately lead to new treatments for neglected tropical diseases (see page 26).

In 2013, we participated in an innovative pilot project led by the U.S. National Center for Advancing Translational Sciences, enabling academic researchers to evaluate compounds we released for new therapeutic uses. We also partnered with InnoCentive to utilise their global network of problem solvers to come up with solutions to key challenges through 'crowdsourcing'. For example, more than 675 solvers from 57 countries responded to our challenge to explain an unusual toxicity profile, resulting in 33 credible proposals, from which two were ultimately pursued.

We also enable independent researchers to examine the findings and conduct their own analyses to further medical research (see page 40).

## Open Lab

Research at our Open Lab in Tres Cantos, Spain, is focused on discovering and developing new medicines for diseases of the developing world (see page 26). Here, we do not generate or direct projects; we simply support the ideas of others. By the end of 2013, 38 visiting scientists have made use of the open lab, working on early stage research alongside our scientists, and are utilising our facilities, resources and knowledge to advance their own research projects. Since the Open Lab was established in 2010, it has built up a portfolio of 35 research projects, one-third of which are now complete.

In 2013, the Wellcome Trust awarded an additional £5 million to GSK that will take our open approach a step further. It will enable researchers at the Open Lab to tackle the next phase of drug development with the aim of turning promising active compounds into high quality experimental drugs. The funding will help progress the most promising projects underway by independent scientists at the Open Lab and from GSK's own research portfolio.

<sup>2</sup> U.S. National Institutes of Health, <http://www.nih.gov/news/health/jun2013/ncats-18.htm>



## Access to healthcare

We are committed to improving access to our products – irrespective of where people live or their ability to pay – by focusing on the affordability and availability of our products, and investing in strengthening health systems.

Lack of access to healthcare is most acute in the world's poorest countries. Millions of people in regions and communities with limited resources still can't access the healthcare they need, including vital vaccines, medicines and diagnostics.

To improve access, we employ innovative funding mechanisms and use a flexible pricing approach that is based on a country's wealth and ability to pay, as well as working to improve availability of our products for the people who need them. But even when vaccines and medicines are available, there aren't always enough trained health workers to administer them. To help address this challenge, we are helping to strengthen healthcare infrastructure, with a particular focus on training health workers.

### Affordability

#### Commitment

Further embed our flexible pricing strategy and innovative business models for our prescription medicines and vaccines, to increase usage among those less able to access and afford our products.

Our innovative business models offer a range of options to improve affordability of our medicines and vaccines, including price caps for the poorest countries, flexible and tiered pricing in middle-income countries, and support for governments and low-income patients in high-income countries.

We have used a tiered pricing model for vaccines for over 20 years, enabling us to produce and reliably supply effective, high-quality vaccines and support the continuous development of new vaccines.

We also encourage governments to adopt public policies that support differential pricing through, for instance, our continued support for the EU's Tiered Pricing Regulation and our work with the UK's Industry Government Forum on Access to Medicines.

#### Pricing in developing countries

For millions of people in resource-poor settings, affordability is a significant barrier to getting the medicines they need. In 2013, GSK commissioned the first ever [global study](#) to identify healthcare innovations in developing countries that could be replicated to increase access to affordable medicine. The study, conducted by the International Centre for Social Franchising, assessed opportunities to scale up and replicate over 900 healthcare programmes and found that, for the most part, existing healthcare delivery models target the more affluent emerging middle class, rather than the poorest.

By increasing the overall volume of products we sell, we are able to sustain lower prices on our essential medicines and vaccines for those most in need. Our Developing Countries and Market Access (DCMA) operating unit has a clear objective to increase patient access to GSK medicines and vaccines for around 800 million people in Least Developed Countries (LDCs), while expanding our market presence and ensuring that our business continues to be sustainable.

The DCMA unit adopts a lower price/higher volume approach in developing countries, and employees are incentivised to increase volumes of medicines delivered, rather than just focusing on the revenue they bring in. Since the unit was established in 2010, the volume of medicines we supply to LDCs has increased by 60% to 89 million packs of product in 2013.

Since 2009, we have capped the prices of our patented medicines in LDCs at no more than 25% of prices charged in developed countries – provided they cover our manufacturing costs so we can sustain these prices in the long term.

Capped prices apply to brands that treat non-communicable diseases such as asthma and COPD, as well as infectious diseases such as malaria. We have also reduced the prices of our off-patent antibiotics, *Augmentin* and *Zinnat*, by up to 50% in certain countries, and all vaccines are capped at 25% of the West European average price.

Our vaccines are included in immunisation campaigns in 170 countries worldwide. In 2013, we delivered 862 million vaccine doses, over 80% of them for use in developing countries.

In 2013, we refined our approach to vaccines pricing by increasing the number of pricing tiers and basing price ranges on Gross National Income per capita. The lowest tier, tier 7, corresponds to GAVI eligible countries. GSK is a long-standing partner of the GAVI Alliance, which funds

immunisation programmes for some of the world's poorest countries. GAVI-eligible countries – those with a Gross National Income per capita of US\$1,570 or below – always get our lowest prices, which can be as little as one-tenth of those for developed countries. Our approach is designed to support governments making a long-term investment in immunisation and reflects our desire to enable countries to expand upon their commitment to immunisation as their economies grow.

*“Giving countries prices for vaccines that reflect their ability to pay enables them to plan programmatically and financially, which should ultimately create better predictability. In return, vaccine companies will be able to access wider markets, increase their production volumes (which will reduce their manufacturing costs), and have the opportunity to do the right thing for people who need, but cannot afford, their vaccines today.”*

**Dr Seth Berkley**  
CEO, The GAVI Alliance

# Access to healthcare

*continued*

In 2013, we committed to provide an additional 240 million doses of *Synflorix* to the GAVI Alliance for use in developing countries over the next ten years. This will help to protect up to 80 million more children from pneumococcal diseases, such as meningitis and pneumonia – the leading cause of death in children under five in developing countries. This is in addition to the 480 million doses of the vaccine that we have already committed to GAVI through the Advance Market Commitment framework that offers heavily discounted vaccines for children living in the world's poorest countries. In 2013, we supplied 31 million doses of the vaccine for introductory vaccine programmes in four countries.

GSK has also committed 132 million doses of *Rotarix* to GAVI over the next five years, which will help protect 60 million children against rotavirus gastroenteritis – which kills half a million children a year worldwide.

In addition to *Synflorix* and *Rotarix*, in 2013 we announced a new commitment to the GAVI Alliance to supply our cervical cancer vaccine, *Cervarix*, as part of a long-term programme to help protect girls and women against cervical cancer in the world's poorest countries (see case study).

## Flexible pricing in middle-income countries

Our approach to pricing in middle-income countries is based on a recognition of the economic and social diversity (and disparity) that exists within these countries. We have

flexible pricing and innovative payment schemes that enable more people to access our products, while growing our business by increasing the volumes we sell. Our Market Access and Pricing team is responsible for developing innovative pricing strategies and establishing market access programmes to make GSK medicines available to as many patients as possible in these countries.

Where affordability remains a barrier, we offer a range of payment schemes that makes it easier for more patients to afford the treatments they need, often by partnering with NGOs. These include: pricing according to patient income; monthly payment plans that help patients manage the cost of treatments; and discount cards that enable eligible patients to receive direct discounts when picking up their prescriptions in our partner pharmacies. For example, in 2013 we introduced a reimbursement programme in Turkey for *Volibris* (used to treat pulmonary arterial hypertension), and enabled 270 metastatic breast cancer patients in India to access *Tyverb* through a scheme that offers patients who complete six months of treatment an additional month free of charge, where appropriate.

Middle-income countries benefit from tiered pricing of our vaccines and we also supply vaccines to the Pan American Health Organization, which purchases on behalf of middle-income countries in Latin America and the Caribbean.

## Managing healthcare costs in high-income countries

High-income countries also face challenges related to the affordability of healthcare. Public healthcare budgets in Europe are under immense pressure as a result of the economic environment and over 15% of Americans lacked health insurance coverage in 2012.<sup>3</sup>

In these markets we also take a responsible approach to prices. It is important that they reflect the value our medicines bring to patients. But we are also very mindful of the burden of healthcare costs. That's why we have priced our newly launched products at or below the prices of those currently available, despite their positively differentiated profiles.

In Europe, we tailor our approach to specific country needs and work with governments to demonstrate value for patients, payers, healthcare professionals, taxpayers and our industry. For example, we partner with the Italian government to enable earlier patient access to innovative medicines by sharing risk and responsibility through Managed Entry Schemes. These include cost sharing which discounts the price of *Arzerra*, our leukaemia drug; risk sharing, which discounts the price of initial therapies for non-responder patients; and pay-for-performance for our *Votrient* and *Tyverb* drugs, which fully reimburses costs for non-responder patients.

<sup>3</sup> Source: <http://www.hsph.harvard.edu/news/hsph-in-the-news/global-health-noncommunicable-diseases-bloom/>

## Protecting girls and women against cervical cancer in Madagascar

In November 2013, 15,000 girls (aged 9-13 years) living in Madagascar, Africa, were vaccinated against Human Papillomavirus (HPV) – the leading cause of cervical cancer – as part of a demonstration project supported by Ministry of Health, UNICEF, WHO and GAVI Alliance.

Madagascar is one of seven sub-Saharan countries to collaborate with GAVI as part of a long-term programme to help protect girls against cervical cancer in the developing world – where more than 85% of cervical cancer deaths occur.

GSK has committed to supply its cervical cancer vaccine, *Cervarix*, to the GAVI Alliance at a reduced price. Initially, the vaccine will be supplied to GAVI demonstration projects, allowing governments to gain practical knowledge, before scaling-up immunisation programmes nationally.

By 2020, GAVI expects more than 30 million girls in the world's poorest countries to have been immunised with HPV vaccines.

# Access to healthcare

*continued*

In the USA, GSK offers several patient-assistance programmes to help eligible patients get the prescription medicines or treatments they need. Programmes include:

- **Commitment to Access** for cancer or specialty treatments.
- **Bridges to Access** for non-cancer medicines.
- **GSK Vaccines Access Program** for providing vaccines to adult applicants.
- **GSK Access** for senior and disabled patients enrolled in Medicare Part D.

In 2013, 316,580 eligible patients enrolled in our U.S. Patient Assistance Programs, which provided prescribed GSK medicines and vaccines worth a total of US\$176 million (£112 million), up from \$159 million (£100 million) in 2012.

We remain committed to improving productivity in R&D so we can develop more innovative new medicines with greater efficiency. The improved efficiencies that we are seeing within our R&D business organisation are also enabling us to be more flexible with the pricing of our medicines.

## Availability of our products

### Commitment

Continue to build a core range of products and formats to better meet the needs of people across the globe, including those less able to access and afford our products.

Increasing access requires making medicines not only more affordable, but also more available. For effective treatment, patients need the right medicines in the right place at the right time. To increase the availability of our products, we are expanding our portfolios and product registrations in developing countries, harnessing the combined capabilities of our Consumer Healthcare and Pharmaceutical divisions, and increasing local manufacturing and capacity building in the markets we serve.

### Portfolio expansion and product registration

We are committed to expanding our portfolios by increasing the availability of our medicines for non-communicable diseases, such as cancer and diabetes, as well as infectious diseases in developing countries (see page 25). As part of this effort, we are working with regulators to increase the registration of medicines in our existing portfolio.

Through our 'catch up' programme, which aims to bring more of our established products to developing countries, we received approvals for a further 26 products treating non-communicable diseases, respiratory, antibiotics and oncology in 2013. We are also offering affordable pricing options on new drugs when they first enter a market.

## Joining forces to increase impact

In 2013, we expanded our global programmes to combine the strengths of our Pharmaceuticals and Consumer Healthcare businesses through collaborations to better meet patient needs.

For example, our businesses have joined forces to tackle COPD, a debilitating, incurable, and potentially fatal lung condition affecting more than 200 million people globally and chiefly caused by smoking – blamed for 90% of COPD deaths.

As many as two-fifths of COPD patients continue to smoke. We are talking to doctors and pharmacists not only about treatment for appropriate patients with *Seretide (Advair)*, our respiratory medicine, but also how our *NiQuitin* and other smoking cessation products can help those affected, or at risk, to quit tobacco. We are working with pharmacies too, to promote awareness and earlier diagnosis of this under-recognised condition. The programme is live in Brazil, Argentina, Australia, Turkey and Russia and is being further expanded.

In another collaboration, we are working with pharmacies to enhance how we help patients and consumers get the treatments and advice they need. For people in developing regions like Africa, pharmacies are a chief source for healthcare. In Africa, this programme will start in Nigeria, Kenya, Angola, and Côte d'Ivoire in 2014, with more countries to follow. By increasing our contacts with pharmacies, we can boost availability of healthcare and expert advice to those who need them.

## New formulations to better meet patient needs

We are looking for ways to increase access to respiratory treatments in developing countries by reducing pack sizes and engineering low-cost formulations to reach greater numbers of patients. For example, we have re-engineered *Ventolin Rotacaps* using a version of our established GSK inhaler technology, but one that is five times less expensive to produce. The new inhaler is available in four markets – the Philippines, Indonesia, Kenya and Nigeria – and we have submitted it for regulatory approval in other markets. Ultimately we hope it will open up access to many more patients who are currently unable to afford inhaled respiratory medicines.

Other new formulations have the potential to revolutionise paediatric healthcare. For example, we are working with Biological E., a leading Indian vaccines company, on a first-of-its-kind combination paediatric vaccine to protect children from polio and other infectious diseases. The new fully liquid formulation will enable fewer injections for children, to improve compliance in immunisation schedules.

# Access to healthcare

*continued*

## Local manufacturing and capability building

GSK has 46 manufacturing sites outside Europe and North America. By operating local manufacturing sites, we develop the skills and technical expertise of the workforce in these countries and cut down the costs of production and transportation.

Transferring the technology to produce drugs and vaccines is one of the most sustainable ways to bridge the access gap between the developed and developing world. We have a number of joint ventures and technology transfer arrangements that help build the capabilities of developing countries to research and manufacture vaccines, while increasing our access to markets. For example, our joint venture with Biological E. in India is working on the early stage research and development of a new paediatric vaccine (see page 22). We also have long-standing technology transfer and manufacturing agreements with the Oswaldo Cruz Foundation in Brazil in areas essential to Brazil's universal immunisation programme. In 2013, we announced plans to develop a new £85 million manufacturing facility in India, where we have invested over £100 million in building our manufacturing network over the last decade.

## Strengthening healthcare systems

### Commitment

Continue to work with partners to support the development and strengthening of healthcare infrastructure. We anticipate this could improve access to healthcare for 20 million under-served people by 2020 (vs 2012).

GSK is committed to strengthening healthcare infrastructure in developing countries by working with partners to explore new healthcare delivery models and supporting projects in 34 of the world's Least Developed Countries (LDCs). In doing so, we hope to improve access to healthcare for 20 million under-served people by 2020.

We continued to work towards this goal in 2013 by training more community health workers, scaling up our activities with non-profit partners, and collaborating with companies in other sectors to create innovative models to strengthen healthcare systems.

### Reinvesting in the community

Since 2009, we have reinvested 20% of the profits we generate in LDCs into community programmes that strengthen healthcare systems and improve access to healthcare in these countries.

Training frontline community health workers, who can reach millions of people in remote, rural areas with vaccines, medicines and advice, is central to our 20% programme. Working with AMREF in East and Southern

Africa, Save the Children in West and Central Africa, and CARE International in Asia, we invested £5.1 million in 2013 (based on 2012 profits) and a total of £15 million since 2009 to train and build capacity among health workers.

Projects include training over 800 community health workers in Angola to care for nearly 30,000 mothers and young children suffering from malaria, respiratory and diarrhoeal diseases; equipping community health volunteers with the skills needed to screen 7,862 children for malnutrition in Liberia; and reaching more than one million people and 31,000 expectant mothers in Nepal by training health workers and providing operational support and equipment. Details of all our projects can be found on our [website](#).

Where possible, we conduct in-depth monitoring to track our progress. In 2013, we also committed US\$750,000 to the [One Million Community Health Workers](#) campaign led by the United Nations Sustainable Development Solutions Network, which will fund a new online 'Operations Room' to monitor the progress of the campaign's efforts to train growing numbers of health workers in sub-Saharan Africa. The overall goal is to ensure one million health workers are operating in rural areas by 2015 and help meet the health-related Millennium Development Goals.

We also help to strengthen healthcare systems through our initiatives to tackle counterfeit medicines (see Our Behaviour, page 46).

## Preparing for pandemic

In 2013, we signed an agreement with the World Health Organization to donate 7.5% of our 'real time' pandemic influenza vaccine production, and two million treatment courses of antiviral medicine for distribution to countries most in need in the event of a future pandemic.

This agreement, known as a Standard Material Transfer Agreement 2, confirms that, in the event of a pandemic, vaccines will be available to the WHO as soon as the first production cycle is completed. In addition to the donation, GSK will also reserve further volumes of pandemic vaccine (2.5% of 'real time' production) and antiviral medicine (eight million treatment courses), should they be required.



# Access to healthcare

*continued*



## Improving healthcare and delivering safe water in Senegal

Through our 20% reinvestment programme, we are helping to improve access to healthcare services for young children and mothers in Senegal, where many children under five die from preventable diseases such as diarrhoea, malaria and pneumonia.

Building on an existing GSK health and sanitation project, our partner, Save the Children, has trained 101 nurses, improving their knowledge of immunisation, conducting audits of

maternal and neo-natal deaths and post-abortion care, and educating 49 community health workers on home births and how to raise awareness of important health issues among the community.

In addition, the project has also trained 36 health workers and community leaders on community-led sanitation, taught 12 bricklayers to build ventilated latrines, and cleaned up local water sources to ensure a safe water supply for over 34,000 people.

## Partnering to explore new healthcare delivery models

Lack of finance and poor access to essential medicines have been identified by the World Health Organization as major barriers to strengthening healthcare systems in Africa. In September 2013, we announced a new partnership with Barclays to increase access to affordable healthcare and medicines in Zambia while supporting small business development and job creation. Together, we will invest up to £7 million over three years in a project that will explore how to build a cost effective private sector medicine supply chain, establish small enterprise health outlets, test an affordable micro health insurance product and embed healthcare education in existing community finance networks. We aim to reach one million Zambians by 2016, and create a model that can be scaled up and replicated across Africa.

Our partnership with Vodafone is harnessing the power of mobile technology to help increase vaccination rates for children in Africa against common infectious diseases. Mobile phones are used to create vaccine records, send text message reminders to mothers, and share stock data in real time to ensure vaccines are available when and where they are needed. In 2013, we set up an initial one-year pilot project with 90 clinics in Mozambique.

We continue to work with One Family Health, an enterprise that uses a franchise system for nurses to own and operate local clinics, to extend access to basic healthcare in Kenya and Rwanda. In 2013, we committed £1.8 million over three years to help open 180 nurse-owned Child and Family Wellness health posts in Rwanda, with the support of the Rwandan government.

# Access to healthcare

*continued*

## Focus on non-communicable diseases

When it comes to public health issues in the developing world, the focus has been predominantly on infectious diseases such as malaria. Yet chronic non-communicable diseases (NCDs) – such as diabetes, cancer, cardiovascular and chronic respiratory diseases – account for nearly half of deaths and disabilities in countries with the lowest incomes – and are growing fast.

The lack of focus on NCDs in developing countries is compounded by the misperception that diseases like cancer are a developed world disease. But changing lifestyles and demographics mean that the global burden of NCDs, is in fact, in the developing world: 80% of NCD-related deaths occur in low-and middle-income countries.<sup>4</sup> Tackling this significant challenge is an important focus for GSK and, to do so, we have adopted a strategic approach on NCDs with a particular emphasis on developing countries. This includes:

### Innovation and Research

We have assets in clinical development for all four of the priority NCDs, and we are working to adapt our existing products to better meet the needs of patients in emerging markets. For example, we are conducting research on improving *Flofan*, our treatment for advanced stages of pulmonary arterial hypertension, to allow greater stability at higher temperatures.

### Access and Affordability

Our Developing Countries and Market Access unit is responsible for increasing patient access to our medicines and vaccines in developing countries (see page 20). We also focus on educating healthcare providers to recognise symptoms and treatment options. When our analysis revealed high levels of under treatment and under diagnosis of asthma in five urban centres (in Bangladesh, Cambodia, Kenya, Senegal and Zambia), we rolled out respiratory ‘masterclass’ awareness and education sessions in key regions, educating healthcare professionals on asthma diagnosis and treatment options. Similarly, we are supporting several training programmes for health care providers in Africa, ranging from basic oncology training for general doctors to formal pathology training for specialist doctors.

### Prevention and Health Education

The four main risk factors that contribute to the onset of NCDs are smoking, alcohol, poor diet and lack of exercise. Our Consumer business has several initiatives that address these risk factors, focusing in particular on smoking cessation, better oral health and improved nutrition. For example, for patients with COPD, we are working to tackle the condition’s chief cause, smoking (see page 22).



### Partnership

We partner with several organisations that focus on combating NCDs in the developing world. For example, we are working with Amgen, a biopharmaceutical company, to use our expertise in several Asian countries to support the launch of *Vectibix* for patients with metastatic colorectal cancer. In Bangladesh, we support an NGO seeking to establish breast cancer screening programmes that use mobile phones to increase adherence to treatment programmes for women with breast cancer.

In December 2013, we announced the formation of the Oncology Clinical and Translational Consortium, a collaborative scientific research network comprised of six internationally renowned comprehensive cancer centres in North America and Europe. The consortium will foster scientific collaboration among the members and GSK in preclinical, translational and clinical development of novel anticancer therapeutics.

<sup>4</sup> Source: <http://www.hsph.harvard.edu/news/hsph-in-the-news/global-health-noncommunicable-diseases-bloom/>

# Diseases of the developing world

Tackling diseases of the developing world not only improves health, but boosts economic development. We work with partners in the public and private sectors to research new vaccines, engage communities in adopting preventive measures, and make medicines and treatments available and affordable. In 2013, we achieved a major milestone in the development of the world's first malaria vaccine and intend to file for approval in 2014.

We also advocate the adoption of public policies that provide adequate financing for mechanisms such as the GAVI Alliance (funding immunisation in poor countries) and the Global Fund to Fight AIDS, TB and Malaria. We are on the Board of the Roll Back Malaria Partnership, and we are a founding member of the Global Alliance to Eliminate LF.

Neglected tropical diseases, polio and malaria affect billions of people in the world's most vulnerable communities. We aim to help treat, prevent and ultimately eliminate these diseases.

## Neglected tropical diseases

### Commitment

Help to eliminate and control ten neglected tropical diseases that affect 1.4 billion people, by 2020 – including the elimination of lymphatic filariasis, through our continued investment in R&D, ongoing product donations and our contribution to the London Declaration on Neglected Tropical Diseases.

Neglected tropical diseases (NTDs) present significant health risks to the world's poorest communities. More than one billion people, including 800 million children, are affected by NTDs. Symptoms can often prevent people from working and children from going to school, making it harder for them to escape poverty.

As a leading partner of the [London Declaration](#), GSK is working with the Bill & Melinda Gates Foundation, WHO, other pharmaceutical companies, donors and national governments to help control or eliminate 10 of the 17 NTDs that affect over 1 billion people by 2020. Our most significant contribution to this collective commitment is in the elimination of lymphatic filariasis (LF) and control of soil-transmitted helminths (intestinal worms) through the donation of albendazole tablets, as well as collaborating with public and private partners to research new treatments for other NTDs.

### Progress to date

Progress against the commitments made under the London Declaration is tracked through an annual [public scorecard](#). In the first two years of the partnership, over 40 endemic countries have developed multi-year plans to fight NTDs. GSK and other pharmaceutical partners are meeting increased requests for drugs.

GSK has now donated more than 4 billion albendazole tablets to support efforts to eliminate LF in 58 countries and de-worm school-age children in 46 countries. Our albendazole donation programme has reached over 600 million people – 200 million of whom are children – since it began in 2000. In 2013, we donated 648 million albendazole tablets for LF elimination and 115 million tablets to treat soil-transmitted helminths. These donations support the WHO's 2020 goals to eliminate LF globally and deworm 75% of school age children in countries where intestinal worms are endemic.

We are also working with logistics partners to improve the supply and delivery of NTD donations from manufacturers to recipient countries. Donors and endemic country leaders have committed over US\$785 million up to 2020, but more is needed. We are working with partners to close funding gaps, while supporting the development of new medicines and diagnostic tools to find, investigate, treat and prevent these diseases.

### Researching new treatments

Existing treatments for Visceral Leishmaniasis – an NTD that is fatal if left untreated – can be both costly and challenging. We are investing in the development of a better, more affordable treatment at our specialist R&D unit in Tres Cantos (see page 19). We are screening our compound library for molecules that inhibit the growth of the leishmania parasite and are working with the University of Dundee in a project to identify a class of chemicals to combat this parasite.

We are also researching new treatments for African trypanosomiasis (sleeping sickness) that can be administered orally. By eliminating the need for injections from trained healthcare workers, this aims to increase availability of treatment in communities and reduce strain on medical services. Through our Open Lab collaboration with Northeastern University and the Spanish Research Council, 32 promising chemical hits were identified in 2013, which are being investigated further.

Open Lab collaborations with New York University and the University of Georgia also aim to develop more effective treatments for American trypanosomiasis (Chagas Disease) using GSK's compound library.

# Diseases of the developing world

*continued*

## Polio

### Commitment

Continue to support the WHO objective of eradicating polio by 2018 by providing vaccines to UNICEF until this is achieved.

Polio has been eradicated in many countries, but is still endemic in Afghanistan, Nigeria and Pakistan, and there have been recent outbreaks in Syria. We are committed to supporting the WHO objective to eradicate polio completely by 2018, by providing vaccines to UNICEF until this is achieved. If this objective is not achieved, the WHO estimates that we could see 200,000 new cases each year worldwide within a decade.

GSK has played a leading role in efforts to eradicate polio over the last 60 years, and we continue to collaborate and innovate to achieve this goal and prevent the disease resurfacing in countries already declared 'polio free'.

As a global healthcare company, our role includes manufacturing vaccines and using our research expertise to explore new ways of tackling polio. We also price vaccines to help make sure those in need can access them, while investing in next-generation products. As part of our long-term commitment to fighting polio and preventing its resurgence, we have invested in building manufacturing facilities to ensure a long-term supply of vaccines. For example, we are investing €320 million in building a new facility in Wavre, Belgium, which will begin production in 2018.

Immunisation programmes using the oral polio vaccine (OPV) are relatively inexpensive and because it is taken orally, the vaccine can be distributed by volunteers without the need for a trained healthcare worker or injection equipment. In 2013, we provided 412 million doses to the Global Polio Eradication Initiative (GPEI), a public-private partnership led by national governments and the WHO.

Since 1988, we have contributed over 15.8 billion doses and we have committed to meeting at least 30% of the GPEI's current polio vaccine requirements, procured through UNICEF, until 2017. We are systematically stockpiling OPV to meet this demand which is expected to require around 1.5 billion doses.

In countries where polio has been eradicated, OPV will be phased out and replaced with the inactivated polio vaccine (IPV) to prevent the (very low) risk of polio re-emerging from the live vaccine itself. We already produce and supply IPV to a variety of developed countries, and we are investing in developing lower cost combination vaccines (containing the vaccines for polio and other diseases in a single vaccine) for the developing world (see page 20).

## Malaria

### Commitment

Build on our 30 year commitment to contribute to the fight against malaria through continued R&D investment and partnerships on the ground.

Malaria is one of the world's deadliest diseases and affects many of the world's poorest people. An estimated 3.4 billion people – more than half the world's population – are at risk of contracting the disease. Approximately 627,000 malaria-related deaths are reported each year, mainly children under five living in sub-Saharan Africa. Malaria related illnesses and mortality cost Africa's economy nearly \$12 billion a year.

GSK is committed to tackling malaria by researching a vaccine, developing new treatments, promoting use of existing preventive measures and increasing access for anti-malarials in Least Developed Countries.

### Achieving a milestone on a vaccine

In 2013, we achieved a major milestone in the development of the world's first malaria vaccine. RTS,S, the most clinically advanced malaria vaccine candidate to date, almost halved the number of malaria cases in young children (aged 5-17 months at first vaccination) and reduced by around a quarter the malaria cases in infants (aged 6-12 weeks at first vaccination), as shown by the results of our large-scale phase III trial, published in October 2013.

The health impact of the RTS,S vaccine was evaluated in the context of existing malaria control measures, such as insecticide-treated bed nets, in 11 research centres in seven African countries. The latest trial results demonstrated that the vaccine continued to protect young children and infants from clinical malaria up to 18 months after vaccination.

Based on these findings, we plan to submit a regulatory application to the European Medicines Agency (EMA) in 2014. If approved, the WHO believes that a policy recommendation for the vaccine candidate could be possible by 2015. We will partner with multiple stakeholders, including African governments, to ensure that the delivery and implementation of the vaccine across Africa takes place as rapidly as possible.

This ground-breaking achievement builds on our 30-year commitment to combat malaria through continued R&D investment and partnerships on the ground. We have invested \$350 million in the development of RTS,S through a public-private partnership with the PATH Malaria Vaccine Initiative (MVI) and support from the Bill & Melinda Gates Foundation.

The price of RTS,S will cover the cost of manufacturing the vaccine together with a small return of around 5% that will be reinvested in R&D for second-generation malaria vaccines, or vaccines against other tropical diseases.

# Diseases of the developing world

*continued*

## Developing new treatments

As resistance to current malaria treatments increase, we are supporting the development of new medicines at our research facility in Tres Cantos (see page 19). We are developing a medicine, *Tafenoquine*, in partnership with Medicines for Malaria Venture (MMV) for the treatment and relapse prevention of *vivax* malaria (a strain that affects millions of people in Asia and South America). Based on clinical trial results, we will further progress the development of this investigational medicine in the hope that this could offer a convenient single dose alternative to the current 14-day standard treatment. In 2013, the U.S. Food and Drug Administration granted *Tafenoquine* Breakthrough Therapy designation.

## Promoting preventive measures

GSK works to improve the prevention and treatment of malaria in sub-Saharan Africa through the Africa Malaria Partnership, which supports local NGO programmes. We have committed more than £4 million to community initiatives since 2001, and have partnered with organisations on the ground to promote the use of existing interventions, such as bed nets and indoor residual spraying. These projects focus on community health worker training and community empowerment, as well as reaching pregnant women and children under five years. In Ghana, we are working with human development organisation FHI 360; in Nigeria with the Carter Center; in Kenya with Save the Children; and in Tanzania with AMREF.



## Partnering with Tony Blair Faith Foundation in Sierra Leone

As part of our commitment to expanding healthcare access in rural communities, we are partnering with the Tony Blair Faith Foundation (TBFF) in Sierra Leone to reach 4.8 million people – nearly 80% of the population – with vital malaria prevention education by 2015.

Through a pioneering healthcare model, TBFF has trained more than 450 local religious leaders, who in turn educated 11,000 'Malaria Faith Champions' frontline messengers who engage with specific families. The programme has already reached around one million people, with nearly 80% of the 222,484 households

contacted since September 2011, confirming they are acting on the advice provided.

We are investing £780,000 in the programme and, with GSK's support, TBFF will continue to scale up its work in Sierra Leone to reach 600,000 more households. We plan to explore similar opportunities in other countries that have a high malaria burden and where this model could be effective.

## Read more online

We publish more detail online on key issues including:

- [Clinical trials in the developing world](#)
- [Developing world vaccine production technology transfer](#)
- [IP and access to medicines in developing countries](#)
- [Pandemic preparedness and developing countries](#)
- [Technology transfer, capacity building and developing countries](#)
- [Working together for the health of mothers and children](#)
- [GSK briefing on non-communicable diseases in the developing world](#)
- [GSK position statement on the post 2015 development agenda](#)
- [Pricing and reimbursement](#)
- [Product donations](#)

# HIV/AIDS

ViiV Healthcare, a global specialist HIV company established by GSK and Pfizer in 2009, and joined by Shionogi in 2012, is dedicated to tackling HIV – researching new treatments, improving access to medicines, and working with communities to combat stigma and discrimination.

Over 35 million people live with HIV. ViiV Healthcare is researching new treatments, improving access to medicines, and working with communities to combat stigma and discrimination.

## Researching new treatments

ViiV Healthcare is focused on driving innovation in HIV research and discovery. The company's goal is to find new ways to limit the impact of the virus, developing new medicines that are more effective and improve tolerance and treatment adherence over existing options.

## Launching *Tivicay* (dolutegravir)

In 2013 ViiV Healthcare reached an important milestone with the approval of *Tivicay*, their first new treatment to be delivered. In August 2013, the U.S. FDA approved *Tivicay* (dolutegravir), an investigational integrase inhibitor which blocks an HIV enzyme (integrase) and prevents HIV from replicating, for adults and children, 12 years and older, living with HIV. This was followed by approvals in other markets, including Argentina, Canada and Chile, and approval in Europe in January 2014. *Dolutegravir* brings new treatment options to patients. In October 2013, ViiV Healthcare also submitted regulatory applications in Canada, the EU and the USA for the Single Tablet Regimen combining dolutegravir with abacavir and lamivudine (known as '*dolutegravir-Trii*') to reduce the number of pills required for people living with HIV.

## Progress with the pipeline

There are currently four other clinical phase assets in the ViiV Healthcare portfolio and several pre-clinical discovery programmes in partnership with a range of partners, including GSK's HIV Discovery Performance Unit, pharma/biotech and academic institutions engaged in the field of treating HIV.<sup>5</sup> Examples of these partnerships are efforts to understand new modes of action, antibody therapy, new ways of delivering existing therapies (such as nanotechnology and long acting delivery) prevention of HIV and understanding the pathway to a functional cure of the disease. Work on our experimental integrase inhibitor GSK744 continues to progress. GSK744 is an investigational integrase inhibitor, from the same class as antiretroviral drugs as the recently approved *Tivicay* (dolutegravir). Each is a distinct new chemical entity. The two integrase inhibitors have similar structures and antiviral activities, but differ with respect to certain other attributes. GSK744 in particular has a longer elimination half life and slower absorption after injection, potentially permitting its use as a long-acting injectable formulation. A second study of the long-acting injectable form of this drug is set to begin in the second quarter of 2014.

ViiV Healthcare also supports collaborative research trials in resource-poor settings to understand public health issues such as prevention of mother-to-child HIV transmission and HIV-TB co-infection. In total, at the end of 2012, 31 such clinical trials were underway; 11 of the 31 trials are paediatric studies. African countries participating in the paediatric studies include Malawi, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

## Addressing gaps in paediatric HIV treatment and care

Even as new HIV infections among children continue to decline, globally, an estimated 3.4 million children under the age of 15 are still living with HIV. Approximately 90% of these children live in Africa. One of the barriers preventing scale-up of treatment is the lack of affordable medicines that are acceptable for use by children. ViiV Healthcare is therefore prioritising research to improve the diagnosis, treatment and care of infants and children living with HIV. In addition to ViiV Healthcare's ongoing work to develop new formulations of the current portfolio for children, ViiV Healthcare is supporting 18 collaborative research trials investigating prevention of mother-to-child HIV transmission and paediatric treatment strategies. In addition, ViiV Healthcare supports diverse research initiatives through its £10 million Paediatric Innovation Seed Fund.

## Improving access to HIV treatment

### Commitment

Through ViiV Healthcare, continue to increase access to our medicines and care for adults and children living with HIV around the world. We will help World Health Organization (WHO) and UNAIDS achieve their goal of reaching 15 million people globally with antiretroviral treatment by 2015.

Over 16 million HIV-positive people in low- and middle-income countries lack access to antiretroviral (ARV) therapy.<sup>6</sup> ViiV Healthcare aims to play its part to meet this challenge by improving access to medicines for all those who need treatment.

ViiV Healthcare's access policy applies to all Middle Income Countries, Low Income Countries, Least Developed Countries and all sub-Saharan African countries. Nearly 75% of HIV-positive people live in low-income, least developed and sub-Saharan African countries, where ViiV Healthcare offers royalty-free voluntary licences and not-for-profit pricing. ViiV Healthcare has 16 royalty-free voluntary licence agreements with generic manufacturing companies, located in several countries, which enables them to produce and sell low-cost versions of GSK's entire ARV portfolio to public sector and donor agency programmes. A voluntary licence agreement to manufacture *Tivicay* (dolutegravir) for Low Income Countries, Least Developed Countries and sub-Saharan Africa was signed in late 2013.

<sup>5</sup> Source <http://www.unaids.org/en/resources/campaigns/globalreport2013/factsheet/>

# HIV/AIDS

*continued*

In middle income countries, ViiV Healthcare adopts a flexible pricing policy that varies according to GDP and the burden of the HIV epidemic in individual countries. Another key approach is creating partnerships to manufacture our medicines locally, which brings down the cost and builds skills in the local economy. An example of this strategy in action is the commercialisation of maraviroc in India through our partner Emcure, launched in December 2013.

In the USA, where nearly 1.1 million people live with the HIV infection,<sup>7</sup> ViiV Healthcare helps uninsured people access our medicines through our Patient Assistance Program. In addition, the Patient Savings Card Program helps all eligible patients save on out-of-pocket costs for the ViiV Healthcare medication they have been prescribed. For *Tivicay* (dolutegravir), the total potential amount of savings was increased from \$200 to \$400 per month.

## Improving access to medicine for Children with HIV/AIDS through the patent pool

In February 2013, ViiV Healthcare extended its commitment to supporting children living with HIV through an agreement with the Medicines Patent Pool (MPP), the UNITAID-backed public health mechanism. This significant development granted MPP a voluntary licence for paediatric formulations of the antiretroviral medicine, abacavir, in 118 countries where 98% of HIV positive children live.

**Supporting communities affected by HIV**  
Zero new infections; zero AIDS-related deaths; zero discrimination: the three primary goals of UNAIDS' Getting to Zero campaign involves a multidimensional strategy to address the HIV/AIDS pandemic. ViiV Healthcare is contributing to these goals through its support of, and partnership with, community-based organisations that strengthen education, build support services and local healthcare capacity, and reduce stigma and discrimination towards people living with HIV/AIDS.

## Making an impact in prevention of mother-to-child transmission of HIV

As part of our commitment to help children living with HIV, the Positive Action for Children Fund (PACF) supports 150 organisations across 30 countries to deliver prevention of mother-to-child transmission of HIV. Since March 2010, the PACF has committed £19.5 million, with services reaching more than 1,280,300 women, children and families affected by HIV. In 2013, the programme focused on creating opportunities to support capacity building among the groups who receive or apply for our grants. For example, we have set up PACF Online ([www.pacfonline.com](http://www.pacfonline.com)), an online community that includes regular training webinars so that groups can share experiences and learn from each other.

## Positive Action Southern Initiative reaches vulnerable communities living with HIV in the US

The Southwest Louisiana AIDS Council, one of the original grantees of the Positive Action Southern Initiative, provides support and educational services for newly diagnosed and out of care people living with HIV in rural Lake Charles, Louisiana. In addition, the Council's initiatives improve treatment and adherence services in the region, resulting in better health outcomes.

Over a two-year period, 96% of individuals enrolled in the Council's initiatives were linked to care and treatment, and the number of people with an undetectable level of HIV in their blood rose from 37% to 56%, reducing the risk of illness for those living with HIV and the risk of transmission to a partner.

Eighteen months after enrolment, average CD4 counts – which indicate the strength of the immune system – increased from 322 to 460, and average levels of HIV in the blood of participants decreased by 82%.

“We are encouraged by these findings, which show that our model for linking, engaging and retaining underserved populations with HIV into stable medical care are working,” said Angela Hursey from the Council. “Not only are we seeing improved linkage and retention rates, but we're seeing measurable evidence that linkage to care and treatment adherence leads to better health outcomes, including higher rates of undetectable viral loads among people with HIV.”

A powerful example of how one of our smaller PACF grants (£18,000) makes a real difference is with the group Life Concern in Malawi, which identified a significant issue, that men often do not get involved in, or provide support to encourage the uptake of Prevention of Mother to Child Transmission services. The group tripled the number of men attending clinic visits with their partners, and reached more than 13,000 people (half men, half women) through community awareness campaigns.

In 2013, over £1 million in grants were awarded to support organisations through ViiV Healthcare's global Positive Action programme, which has supported the communities most vulnerable to HIV diseases for over 22 years. Positive Action focuses funding on capacity building for organisations that help to improve access to care for key populations in countries where individuals are facing threats of stigma and discrimination.

<sup>7</sup> Source <http://www.cdc.gov/hiv/statistics/basics/ataglance.html>

# Health and well-being in our communities

We are committed to improving the health and well-being of communities worldwide by funding and supporting local programmes which can make a real difference.

GSK supports the development of healthcare infrastructure and contributes to scientific education, as well as assisting humanitarian relief efforts. To maximise the impact of our support, we select programmes that are designed to be sustainable for the long term, partner with local and global organisations, and encourage our employees to participate in volunteering through our Pulse and Orange Day programmes (see pages 54 and 56).

### Product and financial donations

In 2013, our global community investment totalled £221 million (\$347 million), compared with £206 million (\$330 million) in 2012.

We donated medicines valued at £146 million (at cost), including 763 million albendazole tablets to fight lymphatic filariasis and soil-transmitted helminths in 2013 (see page 26).<sup>8</sup>

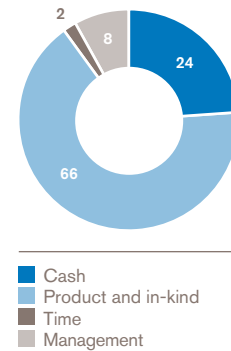
Product donations worth £3.8 million were delivered to our partners AmeriCares, Direct Relief, IMA World Health, MAP International and Project HOPE for humanitarian aid. These partners distributed donated medicines to 87 countries in 2013, including supplies of antibiotics and basic medicines to those affected by conflicts and natural disasters. For example, the earthquake in Pakistan, the Oklahoma tornado, and wildfires in the USA. GSK also responded to the typhoon in the Philippines by providing £1.1 million (US\$1.8 million) of donated medicines, a cash donation of £178,000 (US\$279,000) as well as local staff volunteering to support affected communities.

We continue to work on our PHASE (Personal Hygiene and Sanitation Education) programme in Brazil, our work with Roma communities in Eastern Europe to improve health education, and a number of initiatives aimed at improving maternal and child health through our partnership with Save the Children.

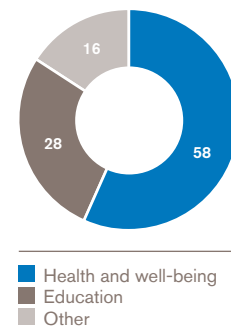
Our Patient Assistance Programs, which help underprivileged families in the USA access essential healthcare, accounted for 51% of our total giving in 2013 (see page 48). In line with our commitment to reinvest 20% of the profits we generate in Least Developed Countries, we invested £5.1 million in 2013 (£15 million since 2009) in training frontline community health workers in rural areas (see page 23).

<sup>8</sup> GSK values product donations at cost of goods as we believe this is a truer reflection of the cost to GSK than the wholesale acquisition cost (the value cost reported to wholesalers) which is used as standard in the Pharma industry for valuing product donations. The total value of production donations in 2013, based on wholesale acquisition cost, was £512 million.

Total giving by type in 2013 (%)



Programmes supported by financial giving in 2013 (%)



Our giving (£ million)

	2011	2012	2013
Cash	57	54	54
Product and in-kind	127	131	146
Time	3	3	4
Management	17	18	17
<b>Total</b>	<b>204</b>	<b>206</b>	<b>221</b>



### Health and economic empowerment for women in Latin America

Our three-year partnership with women's development organisation, Pro Mujer, aims to empower 470,000 women in Latin America to lift themselves out of poverty and give their families access to basic healthcare, often for the first time.

By giving women access to financial services, education and small repayment loans to start their own businesses, Pro Mujer helps them improve their livelihoods, while contributing to a fund to pay for health screenings and medical services for their families. Health screenings by Pro Mujer's team of trained healthcare professionals encourage positive health behaviours and support early detection and prevention of chronic diseases.

Since it began in 2012, the programme has already reached more than 277,000 women and touched the lives of more than 1.1 million families in Argentina, Bolivia, Mexico, Nicaragua and Peru.



# Health and well-being in our communities

*continued*

## GSK Impact Awards live up to their name in the UK and USA

GSK's annual IMPACT Awards have channelled more than £8 million over the past 17 years to over 450 charities that are improving health in the UK and the USA.

We are working to increase the impact of the awards through, for example, the GSK IMPACT Awards Network and training programme in the UK offers leadership development and essential skill-learning opportunities. The Network's national summit in 2013 brought together 36 past winners to share the impact they have been able to make with the £30,000 cash prize from GSK.

In the USA, we expanded the scope of the GSK IMPACT Awards to recognise non-profits that address pressing community factors – such as safety, access to healthy foods and recreational spaces, and the support of families and social networks – which contribute to health and wellness. We also established GSK IMPACT Grants, a new programme that will support the collective impact of several non-profit partners working together to improve the health of disadvantaged young people in the Metro Denver, Colorado and Greater St. Louis, Missouri communities.

## Loving life: Arts therapy and psychosocial support for cancer patients in Lithuania

Loving Life, an innovative three-year programme across five cities in Lithuania, is extending access to healthcare beyond traditional medicine to include psychological support and arts therapy for cancer patients and their families, increasing their quality of life.

In Lithuania, the healthcare system is focused exclusively on traditional medicine and emotional support for newly diagnosed cancer patients is limited. Following a GSK survey that highlighted social integration and psychological support as unmet needs for cancer patients, we developed the programme in collaboration with the Centre for Oncopsychology and Communications, a local NGO.

GSK provides funding and practical support for the implementation and expansion of the programme, which has supported over 300 patients living with cancer. To stimulate the development of this type of support in Lithuania, the Centre is developing a new course on psychosocial oncology in partnership with the University of Health Sciences, Lithuania, and GSK is supporting an international conference for NGOs working in this area, planned for 2014.



## Nurturing Talent in South Asia

Now in its 11th year, the *Horlicks Wizkids* programme has become South Asia's largest interschool competition, with over 40 literary, art, creative and cultural events for students of ages 5-18 years.

Reaching out to more than six million students across 30 cities – in Bangladesh, India, Nepal, Pakistan, Sri Lanka and UAE – the programme encourages individual and team performance across streams like literature, theatre, music, quizzing, oratory skills, culinary skills, creative writing, IQ tests, art and design – subjects that do not traditionally receive much focus from schools in the region.

Students are also recognised for their involvement in community projects. In 2013, these ranged from tutoring children from an underprivileged fishing community to raising the profile of an orphanage. The winners are announced during a five-day event that includes physical training, personal development, overall grooming, communication workshops, community service, team building activities and leadership skill development. The four winners – the *Horlicks WizTeam* of the year – are given the opportunity to participate in an international student exchange programme.

# Our behaviour

For GSK, how we do things is just as important as what we do. Our values-based culture is designed to ensure we put patients and customers first.

## In focus

Andrew is a senior scientist who has worked at GSK for seven years and works in Biopharm Research and Development at our Stevenage site, in the UK. Like all our employees, Andrew uses our values and our Code of Conduct as a guide for decision-making and knows that we encourage employees to speak up when they have concerns.

[→ Read more on page 36](#)

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# Our behaviour

## Overview

In our efforts to meet global healthcare challenges while ensuring the sustainability of our business, we navigate a wide range of complex ethical issues associated with every stage of the development and delivery of our products – from research through to manufacturing and supply, to sales and marketing.

Our four core values – transparency, respect for people, integrity, and patient-focus – guide us in everything we do. And our people, our partners and our suppliers are expected to adhere to the strict codes of ethical conduct that support these values.

Over the last six years we have evolved our business model to better meet society's expectations. And we are leading the industry in many areas – from increasing the transparency of clinical research to transforming the way we incentivise our sales teams and engage with healthcare professions.

Recent allegations of fraudulent behaviour in China have underlined the importance of our efforts. We are prepared to take decisive action and change the way we operate if we are failing to meet the expectations of our stakeholders.

## 2013 at a glance

### Our values and principles

All employees must uphold our Code of Conduct. In addition, over 65,000 designated managers completed our annual Ethical Leadership Certification to certify their awareness, understanding and compliance with GSK's values and policies.

# 65,000

→ See page 36

### Internal perspective

*“Our commitment to transparency enables the broader scientific community to examine data more closely to conduct further research that can help advance medical science or improve patient care. We also have a responsibility to ensure that the vital contribution made by people who participate in our trials is used to help further scientific understanding”.*

**James Shannon,**  
Chief Medical Officer, GSK

### Our values and principles

Systematically assessed GSK's human rights impacts, and developed plans relating to our supply chain and embedding global standards at the country level.

→ See page 39

### Research practices

To facilitate further research and progress medical science and patient care we launched an online request system where external researchers can access the detailed anonymised patient-level data from our clinical trials. We also became the first company to publish clinical study reports – formal reports on the design, methods and results of our trials.

→ See page 40

### Working with healthcare professionals

Began a process to end direct payments to healthcare professionals for speaking engagements or attendance at medical conferences by 2016.

→ See page 43

### Sales and marketing

Extended our 'Patient First' programme in our US business to base sales team incentives on scientific knowledge and behaviours that support ethical, patient-focused business practices, instead of sales volumes.

→ See page 44

### External perspective

*“GSK was the first pharmaceutical company to join the AllTrials campaign in February 2013 saying the company owes it to the thousands of people who have taken part in clinical trials to make the data they have generated available for scrutiny. Many organisations representing patients, doctors and regulators have applauded GSK's decision, and we are looking to GSK to develop the strong leadership on clinical trial reporting that is urgently needed across the industry”.*

**Sile Lane,**  
The AllTrials campaign

### Manufacturing and supply chain

Began rolling out an anti-counterfeiting programme that will provide unique serial numbers on 200 packaging lines across 25 manufacturing sites over the next four years.

# 200

→ See page 46

## Putting patients first in sales and marketing

We constantly challenge ourselves on how we can better meet the expectations of society. In 2013, we reinforced our commitment to putting patients first by announcing fundamental changes to our sales and marketing practices, and the way we interact with healthcare professionals.

Instead of individual sales targets, we will now incentivise our sales and marketing teams who detail our products to prescribers to ensure that the interests

of patients come first. Our new compensation scheme will reward sales and marketing professionals for how well they use their technical knowledge to improve patient care and GSK's overall business performance. It is built on our experience in the USA, which has shown that such an approach pays off through improved customer satisfaction (see page 44).

We are also changing our relationship with healthcare professionals (HCPs). We

work with HCPs in a number of ways, including on research that they conduct on our behalf and by soliciting their expertise on GSK products or therapy areas.

In 2014, we began a two-year process to end the practice of paying HCPs to speak on our behalf, about our products or disease areas, to audiences who prescribe or can influence prescribing. This move is designed to provide patients with greater confidence that whenever they talk to a

doctor, nurse or other prescriber, there is no perception of a conflict of interest. We remain committed to continue our support to HCPs, and these changes will help us do so with transparency (see page 43).



# Our values and principles

Making sure our people behave ethically is critical to our reputation as a responsible business and can impact our commercial success.

Our 99,000-plus employees around the world use our [Code of Conduct](#) as a unified guide to the 'GSK Spirit' – a company culture that inspires a sense of individual responsibility and collective purpose. The Code was revised in 2013 with simplified language and increased emphasis on our Values and Speak Up programme.

The Code has been translated into 27 languages and provides a practical working guide for employees on how to apply GSK Values and Behaviours. It is supported by an online Values Resource Centre that provides tools and information to aid decision-making.

We require suppliers and other business partners to comply with our high standards and expectations for ethical conduct, as set out in our [Third Party Code of Conduct](#). Employees and third parties can report any concerns or violations of our Codes anonymously through our robust 'Speak Up' programme.

No matter where we operate in the world, in our interactions with patients, prescribers, payers and governments, we must always live our values.

## Our values

We put our values at the heart of every decision we make. These values are to:

- Operate with transparency
- Demonstrate respect for people
- Act with integrity
- Remain patient-focused

## Living our values

In 2013, we focused on further integrating a values-based culture across the company. We clarified expectations for employees and leaders, simplified the more detailed policies that underpin the Code of Conduct and promoted our Speak Up whistleblowing mechanism to encourage employees to report violations.

During 2013, we reviewed and enhanced 28 corporate policies to ensure the policies that support our Code of Conduct are written in a way that employees find clear, concise and accessible. The aim is to improve understanding of, and therefore enable greater compliance with, them.

We have aligned our performance and reward systems with our values and introduced a new performance system in 2014 that formally evaluates employees on both 'what' they need to do and 'how' they do it. Also for our most senior people we dis-incentivise unethical working practices using a 'clawback' mechanism that allows us to recover performance related pay. (see Our People, page 59).

Our annual business ethics certification programme, Ethical Leadership Certification, requires designated managers to certify their understanding of, and compliance with GSK's values, policies and their responsibilities to lead and support an ethical work environment. Failure to complete the certification by the specified deadline triggers a disciplinary follow-up from human resources.

## Bribery and corruption

GSK's zero tolerance approach to bribery and corruption is detailed in our [Preventing Corrupt Practices](#) policy, which applies to everyone at GSK as well as third parties who act on behalf of the company. Our anti-bribery and corruption programme includes online and face-to-face training targeted at employees working in high-risk roles. We conduct regular audits to support the bribery and corruption programme, and our performance is reviewed monthly by an oversight committee. Suspected breaches of our anti-corruption policies can be reported anonymously without fear of retaliation through whistleblowing channels (see page 38).

In this context we are concerned and disappointed by allegations of fraudulent behaviour in our China business. We are taking this matter extremely seriously and are cooperating fully with the Chinese authorities.

We have taken a number of actions, including also commissioning an independent report from international legal firm Ropes and Gray, who have extensive experience in anti-corruption and international risk.

GSK is committed to learning any lessons required as a result of the Chinese investigation and will take any steps necessary at its outcome. We remain fully committed to China, supporting the Government's healthcare reforms and to supplying our products to patients.

# Our values and principles

*continued*

## Medical governance

Our medical governance framework ensures we always apply good medical science, integrity and ethics to the discovery, development and marketing of GSK products. Overall responsibility for medical governance sits with our Chief Medical Officer, the most senior physician at GSK, who is supported by the Medical Governance Executive Committee. We require our external partners to adhere to the same or similar medical governance standards as GSK.

## Scientific engagement

Our scientific engagement policy provides a set of global principles and standards that guide us in distinguishing non-promotional scientific dialogue with external stakeholders from promotional activity to support approved products. For example, with the exception of public health campaigns conducted in partnership with global public organisations, we wait until a product is granted marketing authorisation, by regional or national regulatory agencies, before sponsoring or supporting any related non-product or general disease area education activities.

These standards, which we have adopted voluntarily, set us apart from our peers, as we have chosen to go beyond what is required by codes of practice and legislation to demonstrate our commitment to integrity and transparency.

Employee compliance with our scientific engagement policy is monitored as part of our global risk management and compliance framework, as well as through GSK's Corporate Integrity Agreement in the USA. In 2013, we conducted 24 reviews – including nine that focused on our publication process and how we engage with healthcare practitioners – to enhance our processes and procedures, and ensure that our interactions with physicians are appropriate and transparent.

Based on our principles for scientific engagement, GSK has been encouraging a shift in emphasis from branded, commercial spaces to more scientific booths at medical conferences, such as the European Respiratory Society (ERS) conference in 2013.

Our scientific engagement area at the event used interactive media to demonstrate our heritage, leadership and commitment to tackle respiratory diseases, and was staffed by senior GSK medical staff, including heads of medicine from several countries and scientific teams from across the business. We first trialled this approach at the ERS conference in 2012, and were very pleased to note that others have followed.

## GSK takes action following misrepresentation of data in published research paper

In 2013, we became aware of allegations of misrepresentation of data in a research paper written by Shanghai-based GSK scientists and published in *Nature Medicine* in 2010<sup>9</sup>. The published study was laboratory research only and did not involve giving an investigational drug to any individuals.

The integrity of our research is critical to our work. In June 2013, we concluded an investigation of the published study and, regretfully, established that certain data were misrepresented. We shared our conclusion with *Nature Medicine* and recommended a retraction. The paper has been retracted by *Nature Medicine*. As a precautionary measure, an early clinical study in which healthy volunteers were receiving an investigational drug targeting the same signalling pathway was also stopped.

We are committed to the highest ethical and scientific standards, so that regulators, physicians and patients can have confidence in the research we carry out. Following this investigation, GSK took appropriate action. Five R&D employees who were among the named authors of the publication have left the company. We also established a broader scientific data review team, overseen by an independent chair from outside GSK.

The team found no evidence that patient safety had been compromised and no reason to stop or suspend any clinical research. The team's recommendations are being fully implemented and will be embedded as standard practice.

<sup>9</sup> "Crucial role of interleukin-7 in T helper type 17 survival and expansion in autoimmune disease," published in *Nature Medicine*, 2010, 16: 191-197

# Our values and principles

*continued*

## Compliance

Our Global Ethics and Compliance team provides tools, oversight and guidance to improve compliance with external regulations and internal policies. The team works in partnership with the business to promote decision-making that is based on values and compliance.

In March 2013, we refreshed our employee campaign to raise awareness of GSK's whistleblowing programme. It encourages and enables employees and third parties to report unethical or illegal conduct under GSK's Code of Conduct, other GSK policies or external legal standards. Concerns can be raised through multiple communication channels, including telephone hotlines and an online form available in 38 languages. Line managers and representatives from Global Ethics and Compliance group, Human Resources and Legal are also available to listen to, or address concerns. We provide local communicators with a toolkit of materials, available in 28 languages, to encourage people to report concerns.

## Addressing misconduct

We are committed to transparency and report annually on how we have addressed misconduct within our business. In 2013, more than 1,800 contacts (1,600 in 2012) were made through our ethics and compliance channels – a mixture of allegations of misconduct and requests for information or guidance.

In 2013:

- There were 3,128 instances of employee discipline for policy violations (2,919 in 2012).
- Of these, 375 employees were dismissed or agreed to leave the company voluntarily (312 in 2012).
- Other disciplinary actions included 2,753 documented warnings (2,607 in 2012).
- 161 of the policy violations related to violations of sales and marketing policies (123 in 2012). These resulted in 48 dismissals or separations and 113 documented warnings.

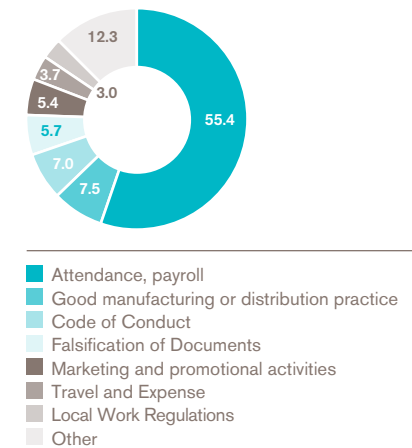
As in 2012, the majority of employee discipline in 2013 was due to our continued focus on 'Attendance and payroll category' violations (1,641 in 2013 and 1,456 in 2012). These attendance issues are mainly reported from our manufacturing business where we have implemented tighter controls to ensure we maintain and build on our strong track record of compliance. Other policy violations are thought to have been reported from our whistleblowing programme that raises awareness and encourages employees to report unethical or illegal conduct.

Employees who remain with the company following a policy violation receive retraining and increased monitoring or support. In some cases retraining is extended to an employee's colleagues to prevent them from making similar mistakes.

## Breaches of external codes

GSK was found to be in breach of external industry or government promotional codes 36 times in 2013 compared with 25 in 2012. We investigate every breach of an external code and take steps to prevent a reoccurrence, which may include retraining or other corrective action, including disciplinary action.

Types of policy violation in 2013 (%)



# Our values and principles

*continued*

## Human rights

### Commitment

Address the UN Guiding Principles on Business and Human Rights across our own operations and our supplier relationships.

GSK is a signatory to the UN Global Compact, a voluntary global standard on human rights, labour, the environment and anti-corruption. We support the UN Guiding Principles on Business and Human Rights and are committed to upholding the UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the core labour standards set out by the International Labour Organization.

In 2013, as part of our support for the UN Guiding Principles, we worked with BSR, a non-profit external consultancy with expertise in business and human rights, to undertake a systematic assessment to identify GSK's human rights impacts. Based on this assessment, we prioritised seven areas to further examine GSK's policies and process, and their potential to positively or negatively impact human rights. These are: access to healthcare; global warming impact of propellants used in some inhalers; clinical trial standards; employment practices; patient safety; product counterfeiting; and use of third party suppliers.

As a result, we are focusing on better understanding human rights risks in GSK's supply chain and how we can address these, as well as further embedding global standards on diversity, equality and inclusion at a country level. We have also updated our [human rights statement](#) based on the findings of our assessment.

### Activities in embargoed countries

Some stakeholders have concerns about how businesses operate in countries targeted by sanctions laws, such as Cuba, North Korea, Iran, Sudan and Syria. We share the UN's belief that people should not be denied access to medicines because of the regime operating in their country. We aim to supply medicines and vaccines in all countries that need and wish to purchase them, including essential medicines in sanctioned countries, in compliance with applicable sanctions and export controls. We also comply with the disclosure requirements of the Iran Threat Reduction and Syria Human Rights Act of 2012.

## Privacy and data security

As a global organisation, GSK collects, uses, and maintains a vast amount of personal information on our employees, people who participate in our research, and the healthcare professionals with whom we partner. We are committed to protecting this data, and require all employees and suppliers to comply with our global privacy principles, which ensure that all personal data are collected, used, processed, transferred and stored appropriately, securely, and in line with legal requirements.

In June 2013, the UK Information Commissioner's Office approved GSK's Binding Corporate Rules (BCRs), a set of legally binding global policies, based on European Union laws, that ensure compliance with cross-border transfer requirements for research and employee personal information. BCRs make it possible to transfer personal data internationally between GSK entities without individual privacy agreements in every European Union country. However, data transfers under the BCRs also need to be authorised by each European country, and in 2014 GSK will continue progressing the BCR national authorisations from each country.

To increase our focus on information security, GSK established an Office of the Chief Information Security Officer to provide strategy, direction and oversight, while building GSK's global information security capabilities.



# Research practices

We ensure that our research practices meet the highest ethical standards and make patient safety our priority at all stages, wherever we operate.

## Clinical research

Research is essential to create the next generation of medicines to combat unmet medical needs and improve existing treatments. We conduct clinical trials on patients and healthy volunteers to evaluate the safety and efficacy of new medicines or develop innovative applications of known treatments.

We conduct trials in accordance with the International Conference on Harmonisation's Good Clinical Practice guidelines. All trial protocols are reviewed by an independent ethics committee – made up of members of the public, medical professionals and scientists – which has the power to reject or stop a clinical trial.

Employees must complete training on Good Clinical Practice (GCP) before undertaking any roles related to GSK-sponsored clinical research. In 2013, employees completed 44,685 GCP-related courses either online or in person. To confirm that the conduct of trials is in line with our standards, we conduct audits of our trial sites and of contract organisations that carry out trials on our behalf.

In 2013, we conducted 323 clinical quality assurance assessments to confirm that the conduct of trials reflects our standards, including:

- 254 audits of investigator sites conducting GSK-sponsored trials.
- 20 audits of GSK processes.

- 34 audits of contract research organisations that carry out clinical trials on our behalf.
- 13 audits of GSK local operating companies involved in clinical trial activities.
- 2 reviews of New Drug Application (NDA) Annual Reports.<sup>10</sup>

In addition, we conducted 51 investigations of suspected irregularities and took corrective action where appropriate. Independent regulatory authorities also performed 112 inspections of GSK sites and the investigators we used to conduct clinical trials.

## Transparency of clinical research

### Commitment

Be as transparent as possible with our clinical trial data, including publishing clinical study reports (without patient-level data) for all outcome trials of medicines conducted by GSK and, within an appropriate process, making available to researchers access to anonymised patient level data to further scientific enquiry.

Sharing the results of our research is vital to GSK as it helps to ensure that the important contribution made by people participating in trials is used to maximum effect in furthering scientific knowledge and understanding. In 2013, we built on our longstanding [commitment to clinical trial transparency](#) by being the first company to introduce a new system that enables researchers to access

<sup>10</sup> New Drug Application reports are submitted to the US Food and Drug Administration to provide an update on the status of each study completed or in progress.



## Providing access to trial data to benefit medical science and patient care

In 2013, GSK became the first company to launch an online system enabling external researchers to request access to the detailed data that sit behind its clinical trial results.

Described as a 'sea change in clinical science',<sup>11</sup> this commitment enables researchers to examine data more closely to conduct further research that can help advance medical science or improve patient care. External researchers can submit research proposals and request access to anonymised patient level data from all studies started from 2013 once the medicine has been approved by regulators or terminated from development. We will regularly update this list to include all global studies since 2000. By the end of 2013, approximately 450 studies were made available. Researchers are also able to ask about the availability of data from other studies.

Researchers requesting access to the data must show how they will use it to further research and commit to publishing their findings, with an independent panel of experts reviewing proposals to ensure the proposed research is appropriate.

The GSK system was launched as a first step and we are working with others in industry, and the public and charitable sector, to encourage the development of a broader, independent system where data from studies conducted by multiple organisations are made available for further research. In January 2014, we took an important step on this path and transferred to a new multi-sponsor request site, [clinicalstudydatarequest.com](http://clinicalstudydatarequest.com), which includes studies from multiple organisations.

<sup>11</sup> [Nature online news article](#)

# Research practices

*continued*

detailed anonymised patient-level data from trials (see case study) and expanding the information made publicly available on our [clinical study register](#).

The register, which receives on average over 14,000 visits each month, now includes over 5,400 summaries of trial results, which are posted regardless of whether the outcomes might be considered to be positive or negative. In 2013, we expanded this to include Clinical Study Reports (CSRs) – formal study reports on the design, methods and results of clinical trials which form the basis of submissions to regulatory agencies.

GSK was the first company to publish CSRs and these are available, with personal information removed, once the trial has been published and the medicines have been approved or terminated from development. We are committed to publishing CSRs for all current trials and for all approved medicines dating back to the formation of GSK in 2000, starting with the most commonly prescribed medicines. We also support the AllTrials campaign, which calls for full reporting of methods and results of all trials.

## Clinical trials in developing countries

As more clinical trials take place in developing countries, legitimate concerns have been raised about running trials in countries where health services may not be as well developed. All GSK-sponsored clinical trials are conducted according to

the same fundamental ethical principles, regardless of where they take place.

We only conduct clinical trials in countries where the medicines are likely to be suitable for the wider community. GSK does not conduct clinical trials of investigational medicines in a country if it is known at the outset that there is no intent to pursue registration to make the medicine available for use in that country.

## Patient safety

### Commitment

Continue to ensure the interests and safety of patients and consumers are of paramount importance in the way we design and undertake our clinical trials, our product quality assurance and our monitoring and reporting of adverse events in ongoing product usage.

Patient safety is a fundamental priority at GSK. All medicines have potential risks as well as benefits, and it is critical that we identify, evaluate and minimise safety concerns to ensure the overall benefits of a medicine outweigh any risks.

Our robust policies and governance framework help us detect and act on any side effects that may be associated with our medicines. We also apply computerised statistical tools to analyse safety information by, for example, identifying any unexpected adverse events (side effects) being reported on a disproportionate basis. We are committed to continually evaluate and communicate transparently with patients, prescribers, payers and regulators about the benefits and risks of our medicines.

GSK's Global Safety Board, chaired by our Chief Medical Officer and composed of senior physicians and scientists, makes decisions on product safety issues. Its remit is to ensure that safety is a key focus for our research teams and to review benefit/risk evaluations of GSK products in development and on the market. We also have an internal risk advisory panel to encourage sharing of information and best practices within the company.

## Pharmacovigilance

Pharmacovigilance relates to the detection, monitoring, assessment, understanding and prevention of adverse effects or any other drug related problems.<sup>12</sup> GSK collaborates with industry peers, regulators, healthcare providers, patients and other interested parties to continually enhance the science of pharmacovigilance, and improve communication about our medicines. As part of our efforts to improve the pharmacovigilance process, our research teams perform benefit/risk evaluations through the life cycle of all medicines, and the results are presented to our Global Safety Board. In 2013, we created a new team to enhance our pharmacovigilance operating model.

<sup>12</sup> As defined by the World Health Organization

## Animal research

### Commitment

Rigorously challenge the need for animal studies and work to minimise the impact on animal welfare, by investing in the development of alternative studies and sharing animal-based data.

We recognise that animal research is a subject of ethical concern. We use alternatives to animals whenever we can and we aim to carry out studies with the fewest animals possible. However, animal studies remain a vital part of our research as, in many cases, this is the only way to demonstrate the effects of a potential new medicine in a living body before it is tested in humans. Regulations require us to test the safety of all new medicines on animals before they are evaluated in clinical trials.

Where we need to use animals in our research, we are committed to acting ethically, and providing for their health and well-being. Our Office of Animal Welfare, Ethics and Strategy – led by our Chief of Veterinary Medicine – develops policies and oversees the humane and responsible use of animals across GSK. In 2013, we created a new system to establish global quality standards for training. This will facilitate sharing of best practices for improving animal welfare.

# Research practices

*continued*

Studies conducted by external contractors on our behalf are subject to the same high standards as those carried out within GSK facilities. Over the past five years, our animal quality assurance group has assessed the care and welfare programmes of more than 600 contractor and supplier organisations. The vast majority met our standards on animal welfare or implemented our recommendations for improvement. In cases where contractors fail to adopt our recommendations or show no commitment to continuous improvement following a site visit, we stop working with them.

## The 3Rs

Our approach to animal research is based on the 3Rs:

- **Replacing animal research with other methods where possible:** Scientists in our safety pharmacology group, for example, have developed a test that uses heart tissue developed from adult human stem cells (iPSC) to measure the effect of compounds on the electrical activity of the heart. This test allows us to identify and discard compounds with a potential to induce fatal arrhythmias in patients early in development. It replaces the animals tests traditionally used to identify this liability.

- **Reducing the number of animals used in research:** We have reduced the number of animals in genetic toxicology testing of pharmaceutical ingredients by 75%, by supporting the redevelopment of international guidelines that now enable us to integrate this testing into rodent studies that are already being conducted on other aspects of safety. This type of integrated study helps to reduce animal use and improve scientific data.

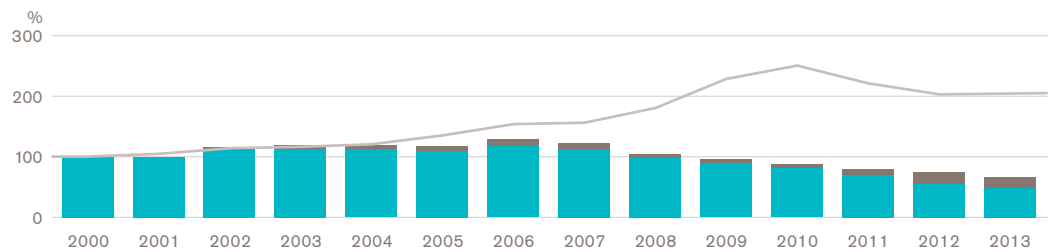
- **Refining techniques to minimise pain and distress and improve the welfare of animals:** Every species has certain defining behaviours. Understanding and encouraging these 'behavioural standards' helps us promote the welfare of each species during research studies. In 2013, we established a set of behaviour standards for mice – including nest building, exploration and exercise, the opportunity to interact with or hide from others, and the opportunity to gnaw – and we are now working to do so for other species.

We publish our results in scientific journals and engage with other scientists and regulatory authorities to influence broader industry standards, share best practices and learn from others. In 2013, we sponsored experimental design workshops, where over 300 GSK animal researchers in the UK and USA considered how we could reduce the number of animals used in research by changing the way we design our experiments.

## Performance in 2013

In 2013, the number of animals used in our research declined by 10% and was 33% lower than in 2000, despite the two main drivers of animal use (R&D investment and vaccine sales) increasing over the same period.

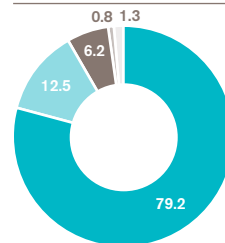
Percentage change in animal use compared to key drivers of animal use



Animal used within GSK facilities  
Animals used by contractors on behalf of GSK  
R&D investment plus vaccine sales

Figures are normalised to 2000, the first year of data after the formation of GlaxoSmithKline. Data includes animal research conducted by external contractors on our behalf, data unavailable for 2000 and 2001.

## Species used in GSK animal research 2013 (%)



Mouse  
Rat  
Guinea pig  
Rabbit  
Other

Most animals in our research – including research carried out by contractors – are mice. Non-rodents account for less than 2% of the number of animals used. Less than 0.3% of the animals we use are non-human primates.

## Working with healthcare professionals

New measures announced in 2013 will transform the way we work with healthcare professionals.

### Commitment

Continue to drive a values-based approach to sales and marketing practices across the world, with the interests of consumers and patients at its core.

### Payments to HCPs

At the end of 2013, we announced a two-year process that will change how we work with HCPs – becoming the first in the sector to move towards ending the practice of paying doctors to speak on our behalf and providing direct financial support for individuals to attend medical conferences.

Starting in 2014, we will phase out the practice of paying HCPs to speak on our behalf, about our products or disease areas, to audiences who can prescribe or influence prescribing. We will work to implement these changes effectively in line with local laws and regulations across our global business by the start of 2016.

We still have an important role to play in supporting education for HCPs and in providing accurate information about our medicines to help them make the best treatment decision for their patients. We will strengthen our dedicated medical and scientific capability to appropriately engage with HCPs and improve our multi-channel capabilities, including use of digital technologies, to provide appropriate information on products and disease areas conveniently to HCPs. We will also support fair, balanced and objective medical education for HCPs through provision of independent educational grants.



We will continue to offer appropriate fees to HCPs providing services for GSK-sponsored clinical research, advisory activities and market research. These activities are essential to provide GSK with insights on specific diseases, identification of symptoms and diagnosis, application of clinical trial data or medication dosage and administration, and on how to effectively and appropriately communicate the benefits and risks of its medicines to help meet patient needs.

These changes are designed to modernise our relationship with healthcare professionals and bring greater clarity and confidence that whenever we talk to a doctor, nurse or other prescriber, it is patients' interests that always come first. We understand that while we have an important role to play in providing doctors with information about our medicines, we are expected to do so clearly, transparently and without any perception of conflict of interest.

### Transparency

GSK is committed to publishing the payments we do make to HCPs and HCOs. We already do so in several countries including Australia, France, Netherlands, Portugal, Slovakia, Japan, the UK and the USA, in line with locally agreed government or industry association standards. GSK will continue to disclose the payments we make for clinical research advisory activities and market research in these countries. We will continue to support and work towards transparency in other countries as industry associations or governments establish specific guidelines for disclosure, for example, through the EFPIA code on payments.

We also continue to work towards publishing global figures at an aggregate level for the payments to HCPs that will continue, such as advisory activities and clinical research.

# Sales and marketing

Our mandate as a pharmaceutical company is to put the needs of patients and customers first. We are putting this focus on the patient, one of our core values, at the heart of our sales and marketing approach.

## Commitment

Continue to drive a values-based approach to sales and marketing practices across the world, with the interests of consumers and patients at its core.

Our global [Code of Practice for Promotion and Customer Interactions](#) ensures that GSK's scientific engagement with external communities and the marketing of our products are driven by our values. The code applies to all sales and marketing employees as well as third parties acting on our behalf. It requires all promotions to be accurate, and all promotional activity to be clearly identified as such.

GSK led the industry as the first pharmaceutical company to decouple reward for our US sales representatives from the number of prescriptions issued, focusing instead on demonstration of our values and focus on the patient (see case study).

In 2014, we will begin to roll out this approach on a global basis and implement a new global compensation programme that will have no individual sales targets. Instead, GSK's sales professionals who work directly with prescribing healthcare professionals will be evaluated and rewarded for their technical knowledge, the quality of the service they deliver to support improved patient care and the overall performance of GSK's business. This new compensation system is being rolled out in a phased approach across EMAP, Japan and Europe, with the intent that all countries GSK operates in within these areas will move to this approach by January 2015.

Experiences in the last two years in the USA suggest that this more patient-focused approach has significantly improved both customer interactions and satisfaction rates with GSK's US pharmaceutical business.

## Direct-to-consumer marketing of prescription medicines

We advertise our prescription medicines directly to consumers in New Zealand and the USA. Direct-to-consumer (DTC) advertising of prescription medicines is not permitted in other markets.

All DTC advertising in the USA is governed by our DTC Communications policy, based on the PhRMA Guiding Principles: Direct to Consumer Advertisements about Prescription Medicines. All our DTC advertising in the USA is reviewed by legal, regulatory or medical specialists and new DTC television advertisements are submitted to the US Food and Drug Administration (FDA) for review and comment prior to broadcast. Again, in 2013, our US Pharmaceutical business did not receive any Notice of Violation or Warning Letters from the FDA for advertising or promotion of products.

## Putting the patient first

Is it possible for a pharmaceutical company to improve sales by asking its sales teams to stop focusing on how much they sell, and start focusing on how they sell it? We believe it is.

Our sales representatives have lots of stories about how our 'Patient First' philosophy has changed their conversations with customers, and helped establish trust in the company. And customer satisfaction surveys have shown that we have indeed outperformed both our best competitor, and the competitor average, on delivering value to our customers.

By incentivising our sales teams to be more knowledgeable than ever before, we have raised the bar for GSK and the industry.

"We listen to the customers, figure out how we can address their needs, and then we bring in the right GSK resources to help improve patient care," says Jacqueline Carsanaro, VP of our Medical Centre Sales team who serve hospitals and clinics. High satisfaction ratings from customers increased by 6% in 2013, as a result of the team's exceptional work to deliver customer-focused solutions.

# Manufacturing and supply

Efficient and responsible manufacturing and supply is critical to enable us to get high-quality products to patients and consumers in the right place at the right time.

## Commitment

Continue to ensure the interests and safety of patients and consumers are of paramount importance in the way we design and undertake our clinical trials, our product quality assurance and our monitoring and reporting of adverse events in ongoing product usage.

## A holistic approach

Each year we produce four billion packs of medicine and consumer healthcare products and 900 million doses of vaccines, and supply these to 170 countries. Our suppliers are integral to this process, and we expect them to uphold the same high standards we set for ourselves.

Each year we spend around £9 billion on goods and services with 1,000 manufacturers accounting for 80% of our spend. The ingredients and materials we buy feed into our network of 86 GSK manufacturing sites in 36 countries.

Around 10% of our external spend is with suppliers who provide us with finished or part-finished products.

We are moving to an 'end-to-end' supply chain model for our pharmaceutical, vaccine and consumer healthcare products that will standardise and improve our controls across our entire supply chain and manufacturing operations – from procuring raw materials, through quality controls, to packaging, and the transport and logistics involved in delivering products to our customers. As part of this transition, across our network of pharmaceutical and consumer healthcare manufacturing sites, we are driving progress towards our vision

of zero accidents, zero defects and zero waste, and we are significantly expanding our dedicated quality teams around the world to reinforce our commitment to deliver high-quality products to patients and consumers. Across our manufacturing network we invested around £40 million in 2013 to reduce environmental impacts. Many of these improvements are bringing additional business benefits by, for example, improving efficiency and increasing manufacturing capacity.

We are also working on sustainability programmes with our suppliers. In 2013, we asked more than 500 of our largest materials suppliers in our highest spend categories to disclose their sustainability footprint (carbon, water, waste and energy use) to identify priority areas for improvement across the supply chain.

## Supplier standards

Our [Third Party Code of Conduct](#) commits our network of approved external suppliers and business partners to uphold GSK's values. It sets out standards on ethical conduct, anti-bribery, fair labour (including protection of human rights), environment, health and safety management, and quality control. Suspected breaches can be reported through our [Speak Up](#) programme, which is open to third parties (see page 36).

Risks to the supply chain are integrated into our overall risk management and compliance process.

Our audit teams around the world manage and regularly assess the quality performance of over 6,000 suppliers of materials, active pharmaceutical ingredients and finished products. More than 100 key suppliers have been assessed using the GMS Quality Risk Model, specifically created for this purpose. We also conduct audits of suppliers specifically on ethical, environmental, health and safety (EHS), governance and risk management. We assess all our suppliers on first selection and subsequently, also audit on high risk areas. On completion of every audit, we agree an improvement plan with suppliers to address any areas of concern and verify these plans are implemented satisfactorily. Where significant gaps are identified, we may suspend or terminate our work with a supplier, or decide not to work with a potential new supplier.

We have increased resources to provide more extensive EHS risk-based auditing across the supply base, including external suppliers and third party distributors. In 2013, we conducted 32 internal EHS audits involving site visits to supplier facilities. We also commissioned a specialist insurance company to review risks to supply. GSK is also a member of the Pharmaceutical Supply Chain Initiative (PSCI), through which we collaborate with other pharmaceutical companies to audit suppliers on their human rights and labour practices as well as their EHS performance. In 2013, PSCI audited six suppliers relevant to the GSK supply chain.

## Supplier EHS audits 2009-2013 (existing and potential suppliers)

	2013	2012	2011	2010	2009
Americas	2	3	4	5	11
Europe	5	0	7	5	13
Asia	26	10	38	29	46
Africa	0	0	0	0	0
<b>Total number of audits</b>	<b>32*</b>	<b>13</b>	<b>49</b>	<b>39</b>	<b>70</b>

## Number and types of supplier audited on EHS in 2013 (existing and potential suppliers)

Type of supplier	Americas	Europe	Asia	Total
Primary (raw materials, intermediates and pharmaceutical ingredients)	0	2	17	19
Contract manufacturing (pharmaceutical formulations)	1	3	0	4
Consumer Healthcare	1	0	9	10

\* Each supplier audit is counted as a single audit, even where multiple sites/locations are included

As part of our work to assess and manage GSK's impacts on human rights (see page 39), we are working to standardise our approach to procurement across geographies and business units, and to simplify our existing controls to more effectively identify and manage human rights risks in our supply chain.

# Manufacturing and supply

*continued*

## Payment terms

We greatly value the relationships we have with our many suppliers and understand the pressures on cash flow and financing faced by smaller companies. Following a change to our standard payment terms for suppliers in the UK and USA in 2012, we offered to review these payment terms for smaller suppliers identified as micro, small and medium size enterprises in Europe or diverse suppliers in the USA. We also offer a range of supply chain finance options to both our UK and US suppliers.

Several companies have taken up these opportunities already and we are planning increased communications, as well as a dedicated small business hotline, to make more of our smaller suppliers aware of the support available.

## Anti-counterfeiting

With no global study on the issue, it is difficult to quantify the prevalence of counterfeit drugs. But there is little doubt that the problem is widespread, and poses a serious threat to patient and consumer health, as well as a business threat to GSK and other pharmaceutical companies.

Counterfeit drugs can range from precise replicas of the original product to products with no legitimate active ingredients. They are not supported by any appropriate quality control, testing or monitoring, and may include impurities, such as particulates or micro-organisms. For patients consuming these counterfeits, the risks range from lack of treatment or protection, to actual harm caused by the product.

Our comprehensive global anti-counterfeiting strategy combines the use of technology, analysis, investigations, appropriate legal enforcement action, and interactions with law enforcement and customs. Counterfeits of GSK products are discovered through consumer and patient complaints, investigations, and raids conducted by law enforcement and regulatory agencies as well as investigators acting on behalf of GSK. Our analysis has shown that the most counterfeited GSK products include our Sensodyne and Aquafresh toothpastes, and medicines such as Panadol, Dolex, Augmentin and Ventolin.

We have introduced a range of anti-counterfeiting measures such as product codes that can be used by consumers in Africa to verify authenticity via a simple text message.

In China, where the largest volumes of counterfeits are manufactured, we include a unique serial number on each product package of all products on the Essential Drug List, to enable electronic monitoring for the purpose of patient safety. We are looking to extend this to additional products in a programme running over the next four years.

We work closely with law enforcement and regulatory agencies to combat counterfeiters. During 2013, there were significant seizures as a result of such cooperation. In China, for example, authorities conducted raids at six counterfeiting factories which resulted in 19 convictions for counterfeiting of a variety of medicines, including Contac NT, a cold treatment, and Fenbid, a pain reliever. In Pakistan, three counterfeiters were arrested and a large quantity of counterfeit Ventolin Syrup (used for treating asthma) was seized during a raid by the Pakistan Provincial Drug Authorities.

There has been an increase in the number of reported counterfeit incidents in 2013 when compared with previous years, which can be accounted for by an increase in successful raid actions in Pakistan, and seizures and discoveries of counterfeit Grandpa, a headache powder, in South Africa.

## Supplier diversity

Diversity within our workforce and among our suppliers supports the continuous innovation that our business is built on exposing us to new perspectives and fresh ideas. Sourcing from under-represented groups, such as small businesses, women and minorities, also supports economic development and is a regulatory requirement in the USA. In 2013, 12% of our total US expenditure was with diverse small businesses, a 2% increase from 2012.

We engage with a global network of diverse suppliers by participating in relevant conferences and through initiatives such as the US National Minority Supplier Development Council's Global Link initiative and Minority Supplier Diversity UK (of which GSK is a board member), an organisation that develops links between global businesses and ethnic minority businesses.

## GSK anti-counterfeiting activity

	2013	2012	2011	2010	2009	2008	2007	2006
Number of reported cases of counterfeit	494	354	378	367	259	289	429	248
Number of raids	307	208	148	96	94	94	71	57
Number of arrests	272	124	181	132	129	84	127	94

## Public policy and patient advocacy

We contribute to the debate on global health challenges and other issues by advocating for a policy environment that protects the interest of patients around the world, while supporting our business.

### Commitment

Demonstrate that all GSK interactions with patient advocacy groups and political stakeholders are conducted appropriately, ethically and transparently.

We are committed to ensuring that all our interactions with political stakeholders and patient advocacy groups are conducted appropriately, ethically and transparently. In 2012 we reviewed and published the criteria we use to work with public policy groups. In 2013, we assessed our memberships against these renewed [criteria](#) and as a result we withdrew from the American Legislative Exchange Council (ALEC). We remain committed to working with public policy groups aligned to our values and priorities. We have also agreed new Standard Operating Procedures that govern our work with public policy groups and we will train employees on these in 2014.

Key public policy engagements during 2013 included:

- Supporting immunisation programmes around the world, such as our partnership with GAVI Alliance, working with partners such as the Innovative Medicines Initiative to address related R&D, manufacturing and access challenges, and exploring new financing mechanisms for vaccination.
- Working with governments and other stakeholders, primarily from Europe and the USA, to address the growing threat of antimicrobial resistance (see page 18) by encouraging greater investment in R&D, and supporting activities that promote appropriate use of antibacterials.

- Calling on G8 governments to acknowledge the potential for greater information exchange and data transparency among tax authorities in demonstrating the effectiveness of national and international tax rules.
- Working with US policymakers on the implementation of the Affordable Care Act to support the provision of medicines and vaccines through the new federal and state-run Health Insurance Marketplaces, and the Medicaid insurance programmes for low-income Americans. Additionally, we launched a new collaborative platform, Healthy Communities for a Healthy America, to identify and advocate for solutions that promote collaboration, improve access to high quality healthcare, and advance innovation. This includes the 'patient-centred medical homes' and comprehensive medication management coordinated care models to improve the quality of care for patients, and reduce overall healthcare costs.
- Partnering with the US Department of Health and Human Services, the Biomedical Advanced Research and Development Authority, and Texas A&M University, to open an influenza vaccines manufacturing facility in an unprecedented public health collaboration to ensure a rapid national vaccine response in the event of an influenza pandemic.
- Partnering with European governments to help reduce the impact of fiscal austerity measures on continued patient access to life-saving GSK medicines.
- Working with governments to increase coordination, simplify pharmaceutical registration and improve the registration processes in China, Russia, Taiwan and Ukraine, to address the challenge of regional disparity in access to medicines.

### Trade association membership

GSK is a member of many trade and industry associations that primarily represent pharmaceutical, consumer product and vaccine businesses at the national, regional and international levels. Membership in these groups can support the efficiency and effectiveness of our public policy work. See our [website](#) for a full list.

### Political contributions

We do not make corporate political contributions.

### Employee PACs

Some of our US employees choose to make personal political contributions through the GSK employee Political Action Committee (PAC), which allows eligible employees to provide financial support to political groups, in accordance with the Federal Election Campaign Act. In 2013, the GSK employees' PAC contributed \$484,810 with 60% to Republican candidates and 40% to Democratic candidates running for state and federal offices.

### Lobbying expenditure

In 2013, costs associated with lobbying of EU institutions were in the range of €600,000 to €650,000 as outlined in the [European Transparency Register](#). This figure includes running the Brussels advocacy office, salaries, external events, travel and accommodation, consulting costs and educational materials. It also takes into account the proportion of employee time spent on representing GSK's interests to EU institutions. It excludes trade association membership fees.

In the USA, we spent \$3,720,000 on federal lobbying activities in 2013 (see the [US federal lobbying register](#)). This includes the costs of salaries and benefits for all employees registered to lobby the US Government, use of lobbying consultants, support for lobbying contacts such as planning activities and research, running the GSK Washington DC government affairs office, support staff, and the portion of trade association fees associated with federal lobbying.



# Public policy and patient advocacy

*continued*

## Patient advocacy

We engage with patient groups – non-profit organisations founded by patients, care-givers, family members and health professionals – to help improve our understanding of patient needs and illnesses. Patient groups engage with healthcare providers, governments, the media and patients to promote improved treatment and healthcare services. They also campaign on issues that affect patients' and care-givers' lives. Some carry out research into the causes of, and potential treatments for specific conditions.

Our relationship with patient groups guides our R&D and helps to ensure that patient opinions are heard (see page 17). We recognise that some stakeholders want to understand the nature of our support for patient groups. We publish information online on all our work with patient groups in Europe, Asia Pacific and Emerging Markets, as well as information on our support for patient groups working globally, including details of the funding received. We publish information online on all our work (including funding details) with patient groups in Europe, US, Canada, Australia, Asia Pacific and Emerging Markets.

We provide funding to patient groups in the form of unrestricted grants to support the day-to-day running of the organisation, corporate partners fees and defined projects. Our support also includes the development of educational materials, training for staff, and collaboration on disease awareness and prevention projects.

For example:

- As a member of the European Patients' Academy on Therapeutic Innovation, we are contributing expertise, staff time and funding to develop in-depth training courses and support qualitative research to help patients in 12 European countries become more effective advocates during the research and development of new medicines.
- Working with the National Coalition of Patients with Chronic Diseases and other pharmaceutical companies to organise the National Forum of Patient Associations in Romania. The activity included a national information campaign for patients, roundtables with doctors, and the launch of a telephone helpline for patients to get information on their rights and disease-related questions.
- In Iowa, USA, we are collaborating with the Partnership for Better Health – a network of healthcare providers, advocates and consumers dedicated to lowering the cost of care through prevention, access and innovation through collaboration. This helps educate policymakers and the public about the need to invest in preventing chronic diseases affecting the USA, including diabetes, heart disease and lung disease.
- Through our 'Uniting a Community' initiative, which originated from the Patient Advocacy Leaders Summits, we focus on healthy ageing and cancer.

The European Patient Advocacy Health Advisory Board (HAB) is made up of 13 European patient groups and is an opportunity for GSK employees to gain patient group insight on our policies and initiatives. It brings the voice of the patient into the heart of the organisation and helps us understand how we can meet patient needs. In 2013, topics we covered included our work on antibiotics, adaptive licensing, clinical data transparency, our plans for working with patient groups in the Emerging Markets Asia Pacific region and our partnership with Save the Children (see page 15).

All GSK employees and relevant third parties who work with patient groups must follow our guidelines and Standard Operating Procedures. For example, we limit the amount of funding we can provide to 25% of a patient group's overall funding, and require that relationships with patient groups must never be linked to promotion of our products.

## Patient Advocacy Leaders Summits

Our Patient Advocacy Leaders Summits (PALS) have been uniting patient advocates for more than ten years across different therapeutic areas to discuss health policy, develop new skills and explore ways to expand their influence. In the USA, in 2013, a national PALS event in Washington, D.C. and six regional PALS across the country focused on the patient advocate's role in implementing healthcare reform, the implications of different Health Insurance Marketplaces, as well as the issue of Medicaid expansion in the states.

We also facilitated PALS in Germany, Japan and Romania. Since 2002, more than 7,000 patient advocates from over 55 countries have participated in PALS events around the world.

## Read more online

We publish more detail online on key issues including:

- [GSK Anti-Bribery and Corruption Handbook](#)
- [GSK Anti-Bribery and Corruption Guidelines for Third Parties](#)
- [Cloning technologies and stem cell research](#)
- [Disclosure of clinical trial information](#)
- [The care, welfare and treatment of animals](#)
- [The role of transgenic animals in biomedical research](#)
- [Use of Non-human Primates \(NHPs\) in the Discovery and Development of Medicines and Vaccines](#)
- [Counterfeiting of healthcare products](#)
- [Pharmacovigilance](#)
- [Criteria for working with public policy groups](#)
- [Global Code of Practice for Promotion and Customer Interactions](#)
- [Code of Conduct](#)
- [Clinical trials in the developing world](#)

# Our approach to tax

Businesses are increasingly being challenged to ensure they contribute through the tax system to the societies in which they operate, and to provide information on their tax management principles and policies.

We understand our responsibility to pay an appropriate amount of tax. At the same time we have a responsibility to our shareholders to be financially efficient and deliver a sustainable tax rate. We fully support efforts to ensure companies are appropriately transparent about how their tax affairs are managed.

Our contribution: we have a substantial business and employment presence in many countries around the globe and we pay a significant amount of tax, including corporation and other business taxes, as well as tax associated with our employees. For example, since the formation of GSK we have paid more than £24 billion in corporation tax globally.

In 2013, our global corporation tax charge on core profits was approximately £1.7 billion equating to a Group tax rate on profits of 23%. This means that the corporate tax due on our core profits around the world amounted to nearly one quarter of the total core profit we made during the year. Further details about our corporate tax charges for the year are set out in our Annual Report.

We pay a considerable amount of tax in the UK given that only 5% of Group sales are generated in the country. This is because a significant proportion of our global corporate functions and R&D and manufacturing

activities are located in the UK, where we are currently increasing our investment. In addition to corporation tax on the profits generated, the employment and value that these activities create are subject to a number of other UK taxes, including indirect tax and employment taxes.

We've continued our programme of centralising Pharmaceutical intellectual property and product inventory ownership into the UK, which was started in 2012. The change to our IP ownership structure is made possible by the introduction of new 'patent box' tax rules by the UK Government which came into force in 2013, making the UK a more attractive place to locate IP and investment. Our decision to centralise IP and fund more R&D from the UK means that over the medium term we expect to pay more corporation tax in the UK, as more of the value we generate from sales of our pipeline products will have been created in the UK and be subject to UK tax.

## Relationship with tax authorities

GSK seeks to maintain open, positive relationships with governments and tax authorities worldwide and we welcome constructive debate on taxation policy. In 2012, we entered into a bilateral Advance Pricing Agreement with the IRS and HMRC<sup>14</sup> and in 2013 we have started bilateral discussions with Tax Authorities in a number of other countries with the intention of agreeing further Advance Pricing Agreements. These agreements provide long-term certainty for both tax authorities and for GSK over the tax treatment of GSK's business.

## Transparency with Tax Authorities

GSK supports calls for multinationals to provide greater transparency to Tax Authorities. During 2013 we participated in consultations on the proposed Country by Country Reporting Disclosure to Tax Authorities, which was announced in the Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting Action Plan in July.

## International tax framework

As a multinational business we believe we should contribute to the debate regarding global tax policy, and in particular the current debate on whether the existing international tax law framework, which is set by the OECD, is fit for purposes in today's environment. GSK supports the work that the OECD has commissioned, supported by the G8, in its Base Erosion and Profit Shifting paper, and is committed to providing relevant business input.

## Transfer pricing<sup>15</sup>

In line with current OECD guidelines we base our transfer pricing policy on the arm's length principle and support our transfer prices with economic analysis and reports. The worldwide nature of our operations means that our R&D and manufacturing operations are centred in a number of key locations. A consequence of this is that our cross-border supply routes, necessary to ensure supplies of medicines into numerous end-markets, can be complex.

## Tax Havens

We do not engage in artificial tax arrangements – those without business or commercial substance – and our policy is to use locations only where we have substantial business presence. We have a substantial local business presence in the vast majority of the territories where we operate whether through business offices, sales force, manufacturing, R&D facilities or local distribution of our products, all of which contribute to economic development and create shared value for the region and our business.

## Internal processes

We have robust internal policies, processes, training and compliance programmes to ensure we have alignment across our business and meet our tax obligations. Our Audit and Risk Committee, and the Board, are responsible for approving our tax strategy and management.

<sup>14</sup>This is an agreement between a tax payer and a tax authority on an appropriate transfer pricing methodology for certain transactions over a fixed period of time.

<sup>15</sup>An underlying principle of transfer pricing is that even though two companies are within the same group, they have to act as if they were independent enterprises. This means that companies must be appropriately rewarded for the assets they employ, and the risks they assume, when entering into intra-group transactions, to ensure profits generated are taxed in the countries where the value arises. An appropriate reward is considered to be the reward which would be obtained from a third party. This is known as the 'arm's length principle'.

# Our people

Our people are essential to our success. We focus on building their individual capabilities, and aim to support and empower them to be the best they can be.



## In focus

Alicia is an electrical engineering graduate on one of GSK's specialist graduate schemes. Future talent is essential to business success and we run several schemes to support talented employees, like Alicia, in their early careers.

→ Read more on page 53

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# Our people

## Overview

By creating strong leaders, offering individual development opportunities and rewarding our people based on how they deliver as well as what they achieve, we are motivating our employees to excel and put our values at the heart of every decision they make. We want them to feel proud of the work they do, the company they work for and the difference they make.

For GSK, living our mission starts from within, by improving the health and well-being of our employees. We are helping people build their energy levels, resilience and productivity, and we are introducing unrivalled preventive healthcare benefits for employees and their families worldwide.

As an inclusive employer, we want to ensure all of our people feel valued, thrive as individuals and are inspired to work together to help us achieve our mission, whatever their background.

## 2013 at a glance

### Internal perspective

*"We have designed the new Performance System to connect individual performance with reward and align our collective efforts to deliver our strategy. At the heart of the system are individual and leadership expectations which guide what we do and how we do it, aligned to our values."*

**Claire Thomas**  
SVP Human Resources, GSK

### Internal perspective

*"When I look at myself now and compare it to before I attended Energy for Performance, I realise I am a totally different person. I am a better leader, husband and father. The way I look at it is – you have to take care of your own health first and be a role model for others before they will look up to you as a leader, be willing to listen and want to follow what you have to say."*

**Richard Lewis**  
Immunology & Rare Diseases, GSK

### Talent and leadership development

Reached over 6,500 leaders in 30 countries through our coaching programmes to strengthen leadership capabilities.

➔ See page 53

# 6,500

### Talent and leadership development

Increased the number of employees each year completing voluntary assignments with Non-Government Organisations or non-profit organisations through PULSE to 99 – up from 94 in 2012.

➔ See page 54

### Inclusion and diversity

Increased the proportion of women in management to 41%, up from 40% in 2012.

➔ See page 55

# 41%

### Inclusion and diversity

The graduation of our first Project Search cohort and subsequent recruitment of the next group of students.

➔ See page 55

### Health, safety, and well-being

Reduced injury and illness rates by 12% from 2012.

➔ See page 57

# ↓ 12%

### Health, safety, and well-being

Equipped 48,300 employees with the tools to cope with workload stress through energy and resilience training since 2008.

➔ See page 58

# 48,300

### Performance, reward and recognition

Began the roll out of preventive healthcare benefits through our Partnership for Prevention programme, which will be available to employees and their families worldwide by 2018.

➔ See page 59

### Performance, reward and recognition

Launched the GSK Expectations as part of our new Performance System to better link employee reward with our values.

➔ See page 59

## Setting the standard in employee healthcare

GSK's Partnership for Prevention (P4P) programme is setting the standard in employee healthcare.

In 2012 we piloted the programme in Ecuador, Ghana, Nigeria and Romania. By 2018, P4P will offer all benefits-eligible employees and their families access to up to 40 preventive health services – from vaccinations to cancer

screenings – at low or no cost. No other multinational company is doing this on the same scale.

No matter what job they do, or where they work, we want all our employees to have access to the healthcare they need to be fit and healthy. By providing access to preventive healthcare we are reinforcing our efforts to maintain a motivated,

engaged and resilient workforce, and giving our employees the opportunity to improve and protect their health.

These services are of even greater need for those working in countries where preventive healthcare may be unavailable or access is limited.



# Talent and leadership development

We attract and retain the most talented people by investing in training and development that is tailored to individuals' needs, and builds on employees' strengths.

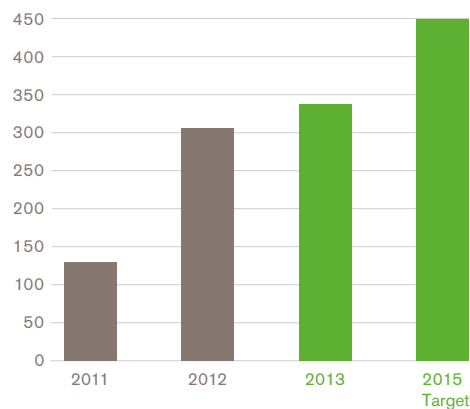
## Managers and leaders

We provide our managers with the skills to engage their teams and motivate individuals to perform at their best through our leadership programmes, which aim to develop future leaders around the world.

In 2013, over 3,500 leaders completed our Leading Delivery programme which helps middle-level managers translate the strategic ambition of our business into meaningful action. We also enrolled 144 leaders onto Leading Business, which is designed to develop the capabilities of those managing a business function. For people who are new to management positions, we launched Management Essentials, which teaches core management skills.

Coaching is one of the key ways we help people build their skills and strengthen leadership capabilities. We made this a global focus for GSK in 2013, through programmes such as Fundamentals of Leadership, which provides training for leaders and managers, and Coaching for Effective Leaders. Since 2010, over 450 leaders have been trained as Job Plus coaches and over 250 of our high potential executives received coaching from Executive Coaches. In total we have reached over 6,500 leaders through our coaching programmes.

Graduate recruitment globally



## Early careers

We offer a wide range of opportunities including internships, industrial placements, apprenticeships and graduate schemes for entry level students. These programmes help us develop the skills our business requires in the future. Our intake of graduates onto development programmes around the world continued to rise in 2013, up from 303 in 2012 to 334 in 2013, making progress towards our global target to recruit 450 graduates a year by 2015 (see chart). In the UK, 58 apprentices joined GSK in 2013, and we have committed to recruiting 140 apprentices over the next two years.

We want the most talented, high-potential employees to become the next leaders at GSK. Our programmes aim to identify and accelerate the progression of our strongest talent through, for example, our flagship global MBA programme, ESPRIT. In 2013, 85 ESPRIT participants completed a series of rotations across 22 countries in finance, R&D, medical and commercial units – enabling them to build their skills and knowledge in different markets and regions (see case study).



## Graduate to senior leader in just four years with ESPRIT

Dipal joined GSK through our post graduate programme in 2009 and, just four years later, she has moved into her new role as European Marketing Director. Completing the ESPRIT MBA programme helped her achieve this.

The four-year programme enabled her to gain a broad range of experience working in our pharmaceutical business in Australia, our Vaccines business in Thailand and in the Vaccines Centre of Excellence in Belgium. This fast-tracked her learning and development, and gave her the skills, knowledge and confidence to take on her new role as a senior leader.

# Talent and leadership development

*continued*

## Development through community involvement

### Commitment

Extend volunteering opportunities to bring about positive change to communities and global health while providing individual development.

Our PULSE Volunteer Partnership programme gives employees the opportunity to work full-time for three or six months with a non-profit organisation or charity, to help address global healthcare challenges while developing their leadership skills. In 2013, 99 employees volunteered with 47 organisations, including Save the Children, as part of our new global partnership with the charity (see page 15).

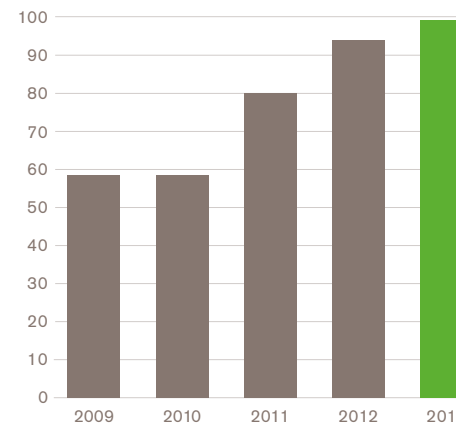
Employees who completed PULSE assignments in 2012 were found to be 21% more likely to change roles and 41% less likely to leave GSK (compared to the overall employee population in the same countries). In 2013, surveys conducted with our partners indicated that 83% of non-profit organisations are doing something differently even six months after the PULSE volunteers have left their assignments. Find out more about PULSE volunteering on our [website](#) and see page 56 for more on volunteering at GSK.

*“I swapped my job as Director Marketing in France to work with CARE International in Bangladesh to develop a communication strategy for CARE and GSK’s 20% reinvestment initiative to help reduce maternal and child mortality in remote parts of Asia. I feel that my biggest achievement was to develop the staff capacity to implement communication activities after my departure. Having seen the impact of our 20% reinvestment work in the least developed countries, I feel really proud of my work at GSK.”*

**Isabelle**  
GSK France



Employees completing PULSE employee development programmes



*“The PULSE programme has made us a more capable organisation – stronger, faster, and smarter. GSK employees can know that they are helping to save or greatly improve the lives of people around the world.”*

**Ross Comstock**  
IT Director, Santa Barbara US (an NGO working with PULSE volunteers since 2009)

# Inclusion and diversity

We aim to create an inclusive workplace to attract and retain the most talented people from all backgrounds and cultures.

## Commitment

Continue to promote inclusion and diversity globally at GSK.

### Gender diversity

GSK's focus is to enable gender diversity in management and senior roles. In 2013, we have introduced targeted individual and group coaching and sponsorship for emerging diverse talent. In 2014, we will invite employees to join dialogue sessions to discuss and address hidden barriers that could hinder gender diversity.

In 2013, the percentage of women in management continued to rise (see chart). Women represent 21% of our Corporate Executive Team and we have exceeded our goal to achieve at least 25% female board representation by 2013, with five female non-executive directors making up 33% of the Board. GSK ranked joint third in the 2013 Female FTSE100 Board Report, a study of women's representation on the boards of the UK's top companies.

### Disability

We want to make sure that people with disabilities have access to career opportunities at GSK, bringing valuable talent and expertise to our business. Disability is a global focus for GSK and we are establishing a Global Disability Council to agree priority areas, set objectives and monitor our progress.

We maintain our long-standing relationship with disability organisations such as SERMES in Spain and the **Business Disability Forum** in the UK. Through our participation in the Project Search initiative, we are also helping young people with learning disabilities make the transition from education to work (see case study).

### Cultural and ethnic diversity

To promote cultural diversity, in 2013, we piloted a new online resource to help develop employees' awareness of cultural differences and build the skills needed to interact effectively with colleagues around the world. The application will be launched globally in 2014.

We value the broad spectrum of experiences employees from different parts of the world can bring to our business. The people we employ in our Emerging Markets, Asia Pacific and Japan, represent 43% of our total workforce. Six nationalities are represented on the Corporate Executive Team and Board.

We monitor and benchmark the proportion of ethnic minorities in our workforce at a local country level against industry averages and the national population in countries such as the UK and USA (which we report locally), and engage with groups representing diverse communities.

### Women in management positions (%)

	2009	2010	2011	2012	2013
SVP, VP	25	25	26	27	28
Director	36	37	38	39	40
Manager	42	42	42	43	44
<b>Total</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>	<b>41</b>

### Project Search improves young people's employability

In 2013, 12 students aged between 18 and 24 – all with learning disabilities – completed work experience at GSK, to help them transition from education to work, as part of our support for [Project Search](#).

One-to-one support from GSK employees who volunteered as mentors helped the students build their skills as they completed three ten-week rotations in a variety of roles including reception, IT, procurement, hospitality and security. Three of the interns have since secured part-time jobs working in facilities management and retail, and one has been taken on full time by a local Council.

"I am overwhelmed by how much the students have grown in confidence and ability in such a short time," says Lorna, Project Search Tutor at GSK. "And the students, with their positivity and commitment to work, have become a real inspiration to many of our employees."



## Engaging our people

Our CEO and members of the Corporate Executive Team (CET) deliver live broadcasts and messages to keep employees updated about the company's progress towards its strategy and commitments. We encourage employees to have regular interaction with leaders and provide our leaders with the resources they need to respond effectively. More than 80% of senior leaders reporting to the CET have received communication training to help them engage more effectively with their teams.

### Listening and responding to our employees

We engage with our people formally and informally to understand their views about working at GSK and how we can improve their experience.

More than 36,000 employees are using our new social networking tool to ask questions or raise issues, promoting dialogue with colleagues around the world at all levels of the company. We have also enhanced our intranet to encourage more interaction and internal dialogue by, for example, enabling employees to post comments on news features.

We frequently ask all employees to participate in a formal survey to understand how we are doing as an employer. We appreciate them taking the time to complete this survey and responding to their feedback is a priority. Since the last full survey in 2012, individual business units have developed action plans to address several issues identified as key areas for improvement, such as training leaders to be better coaches (see page 53), supporting employees through change and better recognising individuals' contributions (see page 59).

Engaging our employees in our mission and strategy gives them a clear sense of purpose, and enables them to understand how their actions contribute to the success of the business.

In 2013, we introduced regular interim surveys for individual business units and functions, covering around 36,000 employees during the year. Results showed that most businesses had made significant improvements in team leader effectiveness, a priority area for improvement based on the 2012 survey results.

### Our approach to restructuring

In 2013, we implemented the second phase of a major change programme that was announced in 2012. The programme focuses on encouraging more integrated, collaborative and efficient ways of working across our businesses, advancing technology and reducing costs. We are aware of the effect restructuring can have on employees and aim to achieve our organisational and financial goals without eliminating positions or by redeploying employees where possible. If jobs are lost as a result of changes to the business, we consult with employees and their representatives, and offer compensation and other support such as outplacement, in line with local requirements and employment legislation. Our Employee Assistance Programme and resilience training provide additional support (see page 58).



### Orange United Employee Engagement

In 2013, for the first time we asked all our employees from 115 countries to work together to support a single cause. We set them the ambitious goal to raise £1 million for Save the Children as part of our global partnership with the charity (see page 15). And we are delighted to see how enthusiastically our people have risen to the challenge. From marathon exercise sessions of Zumbathons and dodgeball tournaments, to book and bake sales, fundraising activities during our Orange Week alone raised almost £337,000, making a massive contribution to the target.

### Volunteering

As part of our efforts to engage and motivate our people, we encourage them to get involved in local projects to support their communities through our Orange Day volunteer programme, which entitles employees to one paid day a year for volunteering. In 2013, we launched a major fundraising initiative, challenging employees around the world to work together to raise £1 million for Save the Children (see case study).

# Health, safety and well-being

As a progressive healthcare company, helping our employees stay healthy, resilient and productive is a priority and brings our mission to life for our people.

## Commitment

Continue to create a working environment that inspires people to grow and perform in a healthy and resilient way.

First and foremost, we have a responsibility to ensure no physical harm comes to our people while they are at work, and safety is a fundamental part of our corporate culture. But we recognise that employees' resilience can also be affected by a wide variety of factors, from workload to stress in their personal lives. Our efforts to promote employee well-being focus on giving our people the support they need to build their energy levels and cope with stress.

We are also going one step further than any other multinational employer by committing to provide comprehensive preventive healthcare benefits to all our employees and their families worldwide through our Partnership for Prevention programme (see performance, reward and recognition, page 59).

### Embedding a culture of zero harm

To achieve our goal of zero harm to employees, we focus on preventing incidents before they occur and targeting training and awareness activities on key risks such as safe driving and use of machinery.

In 2013, we achieved a 12% reduction in injury and illness rate compared with 2012. We also worked to increase reporting of near-miss incidents to help us address specific safety issues before an incident occurs and share this knowledge across the business to help prevent more serious incidents elsewhere. As a result,

in 2013, we reported 131,924 near-miss incidents – an increase of 98% since 2012.

Our move to a global model for health and safety management will facilitate sharing of risk profiles and best practices between sites, while retaining a focus on health and safety at site level. We have also expanded our network of health and safety coordinators who make sure our safety programmes are on track.

We had two serious incidents in 2013: two employees received minor burns in a fire in Irvine, UK; and a maintenance worker in Verona, Italy, suffered a partial finger amputation during a check on machinery which required the safety guard to be removed.

### Targeting specific safety risks

In many countries, driving represents one of the biggest safety risks to our employees. Following a pilot in 2012, we launched a driver safety training programme in 11 countries in 2013. More than 2,300 employees have completed the training and it is having a significant impact. GSK Australia, for instance, has experienced a 25% reduction in business-related driving incidents in the first year of implementing the programme. In 2014, we will deliver this training in three further emerging markets through tablets and smart phones. Employees can also invite a family member to do the training free of charge, helping to extend safety to their home life.

To improve safety for employees working in manufacturing, we have continued to implement risk reduction initiatives. This included upgrading the protective guards that stop manufacturing employees getting close to machinery when in operation, and reviewing respiratory protective equipment to reduce exposure to harmful airborne powders.

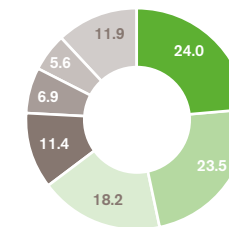
In 2013, we also continued to improve process safety across our manufacturing and R&D operations to prevent serious events such as fires, explosions and releases of hazardous substances. Working with the University of Sheffield in the UK, we are developing a four-day open access training course on process safety covering fire and explosion risk, and prevention strategies specifically for the pharmaceutical and consumer healthcare industries. The course will form part of the University's **Masters of Science in Process Safety and Loss Prevention**.

### Read more online

We publish more detail online on key issues including:

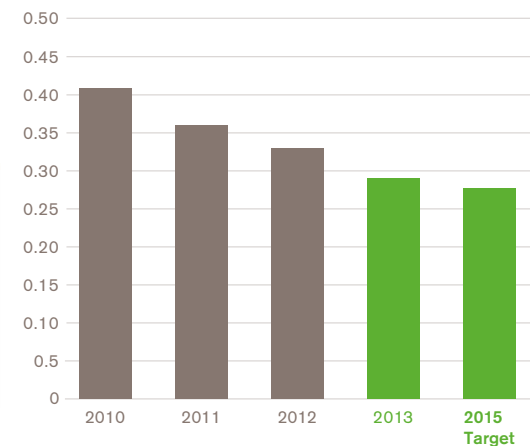
- [Hazardous chemical management](#)
- [GSK and REACH](#)

Leading causes of reportable injury and illnesses (%)



- Ergonomic
- Slips/trips/falls
- Machinery
- Motor vehicle accidents
- Contact with sharp objects
- Burns thermal/chemical
- Other

Reportable injury and illness rate (Per 100,000 hours worked)



# Health, safety and well-being

*continued*

## Health and safety data summary

	2010	2011	2012	2013
Hours worked (million)	207.9	204.0**	204.2**	185.7***
Fatalities	1	2	2	0
Calendar days lost	10,824	10,114**	9,370**	6,875
Number of injuries and illnesses with lost time	508**	429**	404**	349***
Lost-time injury and illness rate*	0.24	0.21	0.20	0.19
Calendar days lost rate*	5.21	4.84	4.59	3.71
Reportable injury and illness rate*	0.41	0.36	0.33	0.29
Number of near-miss incidents †	7,034	29,309	66,514	131,934

\* Per 100,000 hours worked

\*\* Data has been restated where actual data is now available to replace estimated data that was reported previously

\*\*\* In 2013, this excludes data from a number of Commercial Operations business units.

† Near-miss incidents were reported globally from 2012. Data from 2010 and 2011 relates to results of a pilot project from Global Manufacturing and Supply

+ Data is assured by BV, see page 70

## Energised and resilient employees

We believe levels of energy are a good indicator of how people feel and perform. By supporting employees to manage and increase their energy levels, we are helping them cope better with workloads and stress within and outside the workplace.

Our Energy for Performance (E4P) programme includes personal and team-based workshops and training courses that help employees remain focused, energised and productive.

The objective is to enable employees to lead healthier and happier lives at work and at home. Participants agree that it works: 80% said their performance at work had improved after completing E4P training.

By the end of 2013, a total of 44,500 employees in 55 countries had participated in energy and resilience training since it was introduced in 2008 and it is having a significant impact (see quote). The results of our research on the impact of E4P have been published in a peer-reviewed journal.

## Impact of Energy and Resilience training (2008-2013)

Type of training	Total number of employees	Countries	Impact
Energy for Performance (E4P)	8,300	35	90% reported increases in energy 12 months after the programme More likely to make improvements in their lifestyle, especially diet, and report they are in excellent health
Resilience (personal)	4,000	16	Improvement in recovery and energy
Resilience (team-based)	36,000	55	Significant reduction in perceived workplace pressures and better able to cope

In 2013, we introduced Renew and Refuel and Energy Coaching programmes to our Energy and Resilience portfolio, and launched several new courses, including:

- Time for a Moment – an online course that encourages employees to find time to take short breaks in their working day to increase concentration and focus.
- Energising You! – an educational initiative that provides advice on how to boost energy by eating regular, healthy meals.

- Managing for Resilience – a one-day workshop that teaches leaders how to build their teams' skills and confidence, and reduce stress that can lead to mental illness.

We have also scaled-up our Employee Assistance Programme (EAP) – enabling employees worldwide to access practical advice, information and counselling through a confidential helpline and website.

## Performance, reward and recognition

### Putting our values at the heart of performance and reward

In 2014, we are introducing a new performance system to ensure our employees understand what is expected of them and help them set clear objectives that will help deliver our strategy. This will create a clear link between our values and how our employees are rewarded, with GSK Expectations clearly outlining the way we expect employees to work and deliver our strategy. We have also introduced a new five-point rating scale to enable us to provide clearer feedback on employee performance and help differentiate our best performers.

The performance system includes a new global bonus structure where 60% of an employee's bonus will be aligned to the achievement of their individual objectives and 40% will be based on business area results. This greater emphasis on individual performance will help employees understand how they personally contribute to the delivery of our strategy and living our values, and how this links to their reward.

We are also introducing a new compensation system for our sales teams that rewards patient-focused behaviours, rather than the amount of sales (see page 44). For our most senior people, we disincentivise unethical working practices using a 'clawback' mechanism that allows us to recover performance-related pay. See our Annual Report for more on Executive pay.

### Extending preventive healthcare benefits to all employees

We are putting our values into practice by introducing competitive benefits packages, including preventive healthcare benefits for employees and their families that are unmatched by any other multinational company.

Our ground-breaking Partnership for Prevention (P4P) programme offers all benefits-eligible employees, and their family members, access to up to 40 preventive health services at little or no cost. To date, over 5,200 employees and family members in 11 countries including Ecuador, Ghana, Nigeria, Romania and the Middle East, are receiving P4P benefits. We plan to implement P4P globally by 2018. As part of the pilot we ran in 2012, we also focused on encouraging employees to do more exercise and improve their diet, and have since developed a global physical fitness programme which will be launched in 2014. For more on P4P, see case study on page 52.

### Pensions and other benefits

Other benefits and total reward packages vary from country to country, but are always designed to be attractive and competitive in each local market. These include shares and savings plans, health benefits and pensions (see our [Annual Report](#)).

For GSK, how people achieve results is just as important as what they achieve. Incentivising behaviour that is consistent with our values is a priority in the way we evaluate, recognise and reward performance.

*"Before the introduction of P4P, there wasn't wide awareness of the importance of vaccines and other medical check-ups – for example I did not know that there was a vaccine that can help protect against cervical cancer. The general health screenings have also made me realise that I need to be cautious about my glucose and cholesterol levels and make certain lifestyle changes immediately. If the P4P service did not exist, I may not have taken such health issues into consideration. And even if I had, I might not have been able to afford the treatment."*

### Rhoda

An employee in Ghana



### Recognising our exceptional scientists

Our business is founded on innovation and we want our scientists to know we value the important contribution they make. Our Exceptional Science Award Programme offers rewards of company shares to scientists who have made an outstanding contribution to the discovery and development of new medicines – but who are not eligible for annual share grants. The programme is designed to emphasise how scientific research and development is linked to the success of our business. We awarded 616 grants in 2013, and a total of 1,792 since 2011.

# Our planet

We are working hard to reduce our environmental footprint, even as we grow our business to extend the benefits of GSK products to more patients and customers around the world.



## In focus

Adina is a pharmacy manager in London at one of the pharmacies where GSK is running our Complete the Cycle inhaler recycling scheme. Complete the Cycle encourages patients to return their old inhalers to a participating pharmacy so they can be recycled, helping reduce waste and carbon emissions.

[→ Read more on page 66](#)

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# Our planet

## Overview

We are committed to managing and reducing the environmental impacts of our operations and our products across their life-cycle. Our stakeholders expect us to, and the long-term success of our business depends on it. To ensure we can continue to deliver high quality products to patients and consumers in the future, we must protect the natural resources we need to make them today.

These resources are already becoming scarcer and more expensive, and the effects of climate change and water scarcity could threaten some of the improvements in global health our medicines, vaccines and consumer products are helping to deliver.

We have set ambitious goals to reduce carbon, water and waste across our value chain – from the sourcing of raw materials and the impacts of our own labs and factories, to the use and disposal of our products by patients and consumers. By using resources more efficiently, and collaborating with others to tackle these challenges, we can reduce costs and enhance competitiveness.

## 2013 at a glance

### Carbon

Our Scope 1 and 2 carbon emissions from our operations grew slightly in 2013, although they remain 7% lower than our 2010 baseline.

→ See page 64



### External perspective

*"I applaud GSK's approach to minimising their environmental footprint. They are the first company worldwide to announce that all new respiratory drugs will only be launched in dry powder formulations, which have less than 10% of the global warming potential than HFA inhalers. However, GSK must maintain momentum if they are to reach their ambitious carbon targets."*

**Ashley Woodcock OBE**  
Consultant Respiratory Physician, University Hospital of South Manchester  
Shared in Nobel Peace Prize with IPCC and Al Gore

### Carbon

Our Scope 3 emissions (excluding raw materials) increased by 1.5% in 2013 across the value chain due to strong sales of HFA propellant-based inhalers, and have increased by 11% since 2010.

→ See page 64

### Water

Used 2% less water in our operations during 2013.

↓ 2%

Mapped water use across our value chain – production of raw materials accounts for an estimated 84% of our total water footprint and our own operations represent just 1%.

→ See page 65

### Water

Became the first company to be awarded global certification to the Carbon Trust's Water Standard in recognition of our year-on-year reductions in operational water use globally.

→ See page 65



### Waste

Generated 11% more waste than in 2012 due to business growth, but achieved 6% reduction compared to 2010.

→ See page 66

### Waste

Achieved zero waste to landfill at 37 sites.

→ See page 66



### Internal perspective

*"We are focused on reducing emissions, energy and water use throughout our supply chain, which both benefits the environment and also reduces waste and cost, so that we can reinvest savings in innovation and improving access to our medicines."*

**Roger Connor**  
President, Global Manufacturing and Supply, GSK

### Engagement

Reviewed carbon, water and waste data from over 216 suppliers to better understand environmental impacts in our supply chain.

→ See page 68



## Taking a scientific approach to sustainability

The sourcing of raw materials and the complex, energy-intensive chemical processes involved in transforming them into our products accounts for around half of our value chain carbon footprint.

Over the last five years, we have been using innovative technology to reduce environmental impacts associated with manufacturing active pharmaceutical ingredients – the substances in our drugs that treat or prevent illness. Following trials in

Jurong, Singapore, teams at the eight facilities where we produce active ingredients are implementing holistic improvement plans which are bringing significant environmental benefits and cost reductions.

Infrastructure investments included installing a biogas plant at Irvine, UK, a combined heat and power facility in Worthing, UK, and a photo oxidation system for waste treatment in Singapore. Our site in Cork, Ireland, where we

are now bio-treating waste and recovering the energy produced, achieved zero waste to landfill for the third year running in 2013, and has cut water use by 57% and carbon emissions by 41% since 2008.

We are also making changes to the chemical processes themselves. For example, we are investing in a new process at our facility in Quality Road, Singapore, which uses enzymes in the manufacturing of amoxicillin (one of the most widely prescribed antibiotics

in the world). This innovative process will significantly cut our carbon emissions by reducing cooling requirements, as well as producing less organic waste.

Many of the improvements we are making take time to implement. But across all eight sites, we have already cut energy use by 4%, CO<sub>2</sub> emissions by 12%, water use by 10% and waste to landfill by 82% since 2010.



# Carbon

We have set ambitious targets to achieve a carbon neutral value chain by 2050. We are reducing operational carbon emissions, and engaging with suppliers and consumers to cut emissions associated with sourcing raw materials and using our products.

## Understanding our 2013 value chain carbon footprint

### Raw materials

We are working with suppliers to reduce the impacts associated with sourcing raw materials, as well as exploring ways to use resources more efficiently in our products.

### GSK's operations

We are investing in technology, efficiency measures and renewable energy to reduce carbon emissions from energy use in our operations. We also generate carbon emissions during the production of propellant-based inhalers and from employee travel.

### Logistics

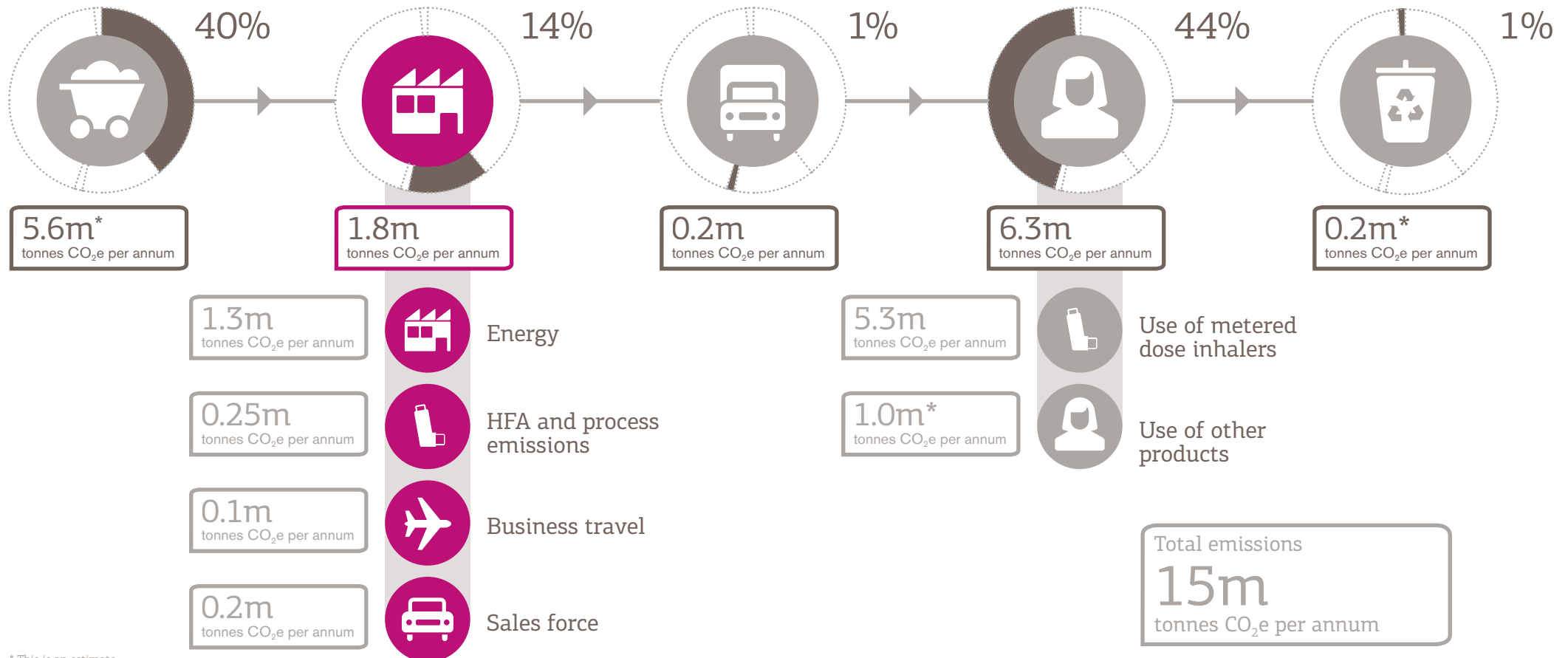
We aim to minimise carbon emissions from transporting our products to customers by using sea freight rather than air and by redesigning packaging to make transportation more efficient.

### Use of our products

Some of our products, particularly propellant-based inhalers, generate carbon emissions during use by patients and consumers.

### Disposal

We have established an inhaler recycling programme and engage with patients to reduce emissions associated with disposal of our products.



\* This is an estimate



# Carbon

continued

## Performance in 2013

### Commitment

Reduce our overall carbon footprint by 25% by 2020 (vs. 2010) and have a carbon neutral value chain by 2050.

In 2013, our Scope 1 and 2 emissions, those in our operational boundaries, were 1.83 million tonnes CO<sub>2</sub>e, a slight increase of 0.6% compared to 2012, but a 7% reduction since 2010. The investments we made in 2013 will start to deliver further carbon emission reductions in 2014 (see chart).

In 2013, our Scope 3 emissions, such as those associated with logistics, business travel and patients' use of our HFA propellant-based inhalers, increased by 1.5% compared to 2012 – an overall increase of 11% since 2010 (see chart). Tackling our Scope 3 emissions continues to be a challenge, especially as our product sales continue to increase. In particular, we are looking at long-term options to reduce our carbon emissions related to *Ventolin* whilst still meeting patient needs and preferences.

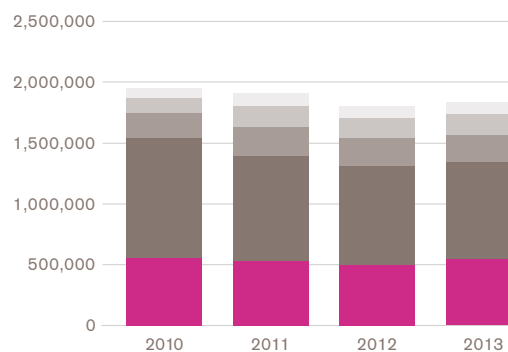
### Product impacts

We are using carbon footprint analyses of our top 35 products to identify where we can make the most effective reductions from emissions associated with our products – from sourcing raw materials, to manufacturing, to use and disposal. For example, in 2013 we reduced the amount of propellant (HFA134a, a powerful greenhouse gas) used to purge aerosol cans of air before they are filled with *Ventolin*.

### Operational impacts

Reducing energy use, and the carbon emissions associated with generating energy that we purchase, is an important focus of our programme to cut environmental impacts. We are investing in energy-efficient technologies and increasing our use of renewable energy. For example, at our facility in Irvine, UK, we are introducing a series of alternative energy sources, including a £3.7 million wind turbine and an anaerobic digester that will use waste from the site to generate energy. The combined heat and power plant we installed in 2010 is already reducing the cost of producing our antibiotics at the site by £650,000 annually.

Scope 1 & 2 GHG Emissions

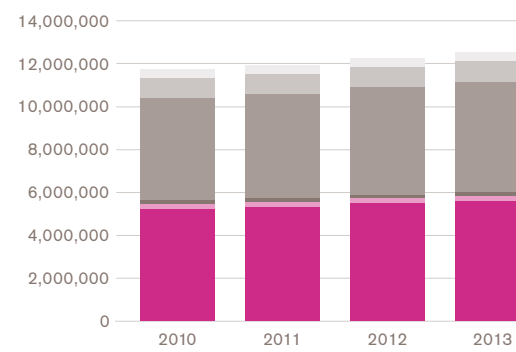


- Gas & other fuel
- Electricity & steam
- Propellant emissions during manufacture of inhalers
- Sales force travel
- Other emissions

Our vaccines site in Tuas, Singapore, has installed a trigeneration plant which uses waste energy generated in the production of electricity for heating and cooling. This has improved energy efficiency by 15-20%, and saved around £1 million a year. In 2013, the site's achievements were recognised by the Singapore Energy Efficiency National Partnership Awards in the Best Practice category. By improving efficiency, these measures have prevented the site's total energy consumption from rising even as production volumes increased.

We continue to identify opportunities for profitable energy and carbon emissions reductions at all our sites around the world. In 2013, for example, we increased the amount of biomass used as a fuel, replacing coal at two sites in India.

Scope 3 GHG Emissions



- Purchased materials
- Product logistics
- Business travel by air
- Propellant emissions during use of inhalers
- Use of other products
- Disposal of products

### External recognition and partnerships

In 2013, our achievements in cutting carbon emissions across our value chain were recognised by the CDP, a not-for-profit organisation providing a global framework to measure companies' impacts on the environment. GSK was the only healthcare company listed in the **Global 500 climate change report 2013**, to be ranked in the CDP Performance Leadership Index, and the CDP Disclosure Leadership Index for both our performance and the quality of our reporting. Our 2013 CDP submission is publicly available on the [CDP website](#).

During the year we also received the Carbon Trust's Best in Continuing Carbon Reduction award for year-on-year reductions in emissions associated with our operations. This followed our global certification to the Carbon Trust Standard in 2012, which we will renew in 2014.

We continue to work with the Association of the British Pharmaceutical Industry and the UK National Health Service Sustainable Development Unit. Following the development of carbon footprinting guidelines for the pharmaceutical sector in 2012, together we launched a tool to help companies calculate the carbon footprint of tablet medicines that are distributed in blister packs.

GSK is also a member of the UN Caring for Climate programme, an initiative that is increasing businesses' role in addressing climate change.

# Water

To reduce the overall water impact associated with our products, we are working to reduce suppliers' and consumers' water use, as well as targeting reductions in our own operations.

## Commitment

By 2020, reduce our water impact across the value chain by 20% (vs. 2010).

### Mapping our water footprint across our value chain

We use more than 15 million cubic metres of water a year in our operations – research laboratories, manufacturing facilities and offices. But this accounts for just 1% of our total water footprint. The remaining 99% of our footprint relates to water used in the rest of our value chain (see chart). To reduce our overall water impact, we need to explore ways to reduce our suppliers' and consumers' water use too.

Working with external experts to gain a better understanding of our water footprint and where our biggest impacts are, we estimated the total water footprint associated with our products was 1,540 million m<sup>3</sup>. The production of raw materials used to make our products account for the vast majority of our footprint, and the second biggest contributor is consumer use of our products (see chart).

This initial high-level assessment helped us determine where we need to more accurately investigate water consumption in our value chain – including water use in the agricultural supply chains for the milk, malt, wheat and glucose that goes into some of our products, and water in the use of our toothpaste by consumers. We are also starting to understand where in the world our water use has a high impact on the environment and communities.

This analysis will help us develop effective programmes to meet our 2020 commitment to cut water impact by 20% across our value chain. For example, we have already begun efforts to address consumer water use by using our toothpaste brands to launch 'Turn off the Tap' campaigns in Italy and Puerto Rico, which encourages people to use less water when brushing their teeth.

### Reducing water use in our operations

In 2013, we achieved a further 2% reduction in water consumption in our operations, keeping us on track to meet our 2015 target to cut operational water use by 20% (from the 2010 baseline).

Each year, we conduct a high-level assessment of water use in our global operations, using the World Business Council for Sustainable Development's Global Water Tool to help us identify where we can save water and respond to potential water risks. Four countries – Belgium, India, the UK and the USA – account for 70% of our total water use. We also use the WBCSD tool and information on local watersheds to identify operations in areas of water scarcity.

We have developed a systematic approach to find opportunities to save water at sites with high volume use, where consumption is increasing and in areas where water is scarce.

We rolled out improvement programmes in Pakistan and Kenya in 2012, followed by the UK and India in 2013, and we are starting to see results. For example, our *Horlicks* manufacturing plant in Slough, UK – which was our second biggest consumer of water – has reduced water use by 56% since 2010.

### External recognition and partnerships

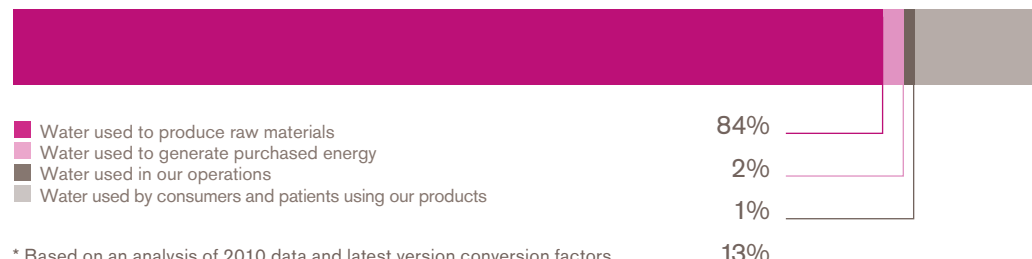
We are working with NGOs to develop a long-term strategy that will address issues of water scarcity, water quality, and regulatory risk and help reduce potential impacts on communities. This builds on the commitments we made in the UN CEO Water Mandate, an initiative that helps companies develop and implement sustainable water practices which GSK signed in 2009.

In 2013, GSK became the first company to be awarded global certification to the Carbon Trust's Water Standard in recognition of our year-on-year reductions in water use, and the way we manage and measure water across our global operations. We also respond to the CDP Water Disclosure Project each year and our latest submission is publicly available on the [CDP website](#).

Net water consumption in our operations

	2010	2011	2012	2013	2015 Target
Million cubic metres	18.7	17.4	16.1	15.7	14.9

Estimated Value Chain Water Footprint\*



\* Based on an analysis of 2010 data and latest version conversion factors

# Waste

Our goal is to halve operational waste by 2020. We are doing this by adopting four simple steps to eliminate, reuse, recycle and generate energy from waste – in that order of priority.

## Commitment

By 2020, reduce our operational waste by 50% (vs. 2010).

In 2013, we generated 11% more waste than in 2012 as a result of business growth. During the year we sent only 6% of our total waste to landfill and 37 of our sites have now achieved zero waste to landfill – up from 34 in 2012. By 2020, we aim to halve our operational waste compared to 2010 and have zero waste to landfill.

We recognise that as our business continues to grow we need to continue our efforts to reduce waste that our sites generate. We have identified which sites are responsible for generating the majority of our waste and in 2014 we will have an increased focus on developing and implementing improvements at 4 high impact manufacturing sites in addition to our established programme to reduce waste.

Efforts to cut waste to landfill include reusing refrigerated packaging from shipping vaccines as an insulation material for the construction industry, which saves 64 tonnes of waste a year that we previously paid to send to landfill. At our sites in Barnard Castle and Montrose, UK, we have set up centralised points of collection for waste and are using smaller bins that are more frequently emptied to encourage employees to use them more regularly.

## Operational waste

	2010	2011	2012	2013	2015 Target	2020 commitment
Total waste generated (thousand tonnes)*	178	170	151	167	133	89
Waste to landfill (thousand tonnes)	17.5	13.5	10.0	10.5	12.9	0

\* In 2013, we changed the way we report on waste and no longer include solvent waste that is recycled and reused on site as part of the total waste generated.

## Breathing life into old inhalers

Around 63% of the 73 million inhalers used in the UK every year go in the rubbish bin; most end up going to landfill.

GSK's inhaler recycling programme, Complete the Cycle, encourages patients to return their old inhalers to participating pharmacies, which are then sent back to us to be recycled. Not only does this reduce waste sent to landfill, it also

prevents the remaining propellant in used inhalers being released as greenhouse gases, as we collect it when crushing the cans to recover the aluminium.

Now established in the UK and in 31 cities in the USA, the programme has also been set up in several other markets including Australia, Chile, the Czech Republic and Hungary.

## Read more online

We publish more detail online on key issues including:

- Climate change
- Hazardous chemical management
- Genetically modified micro organisms and Environment, Health and Safety (EHS)
- GSK and REACH
- GSK and the convention on biological diversity
- GSK public policy on nanotechnology
- Ozone depletion and metered-dose inhalers for asthma
- Pharmaceuticals in environment
- The impact of climate change on health
- Use of ozone depleting substances in ancillary plant and equipment

# Managing other impacts

We manage a range of other important issues to reduce our overall environmental impact, in addition to our priority focus areas of carbon, water and waste.

## Sustainable supply lines

### Commitment

Build sustainable supply lines for our Nutrition portfolio and work with local farmers to improve their agricultural practices, improve their yields, their competitiveness and their livelihoods.

In 2013, we began working with a dairy supplier in India to develop a secure supply of locally produced whey protein (from milk) to make *Horlicks*. This will benefit the supplier by improving agricultural practices and help us reduce our environmental footprint. We are now sourcing 60% of whey protein from the local supplier in India and we aim to increase the amount of locally produced whey protein we use to 85% by 2016. Within our product range, *Horlicks* is the second largest source of carbon emissions and milk-based products account for more than half of its carbon footprint.

### Green chemistry

We apply the principles of green chemistry when producing many of our medicines to help us reduce or eliminate hazardous chemicals from the drug development and discovery process. See GSK's position statement on [Hazardous Chemicals Management](#) for more information.

Our Green Chemistry Performance Unit (CPU), established in 2012, researches ways to replace hazardous or unsustainable chemicals with lower impact alternatives. In 2013, we published a specialist guide that helps our scientists understand the environmental impact of different reagents – chemicals used to produce

our medicines – and to encourage the use of lower-impact alternatives.

We are also investing in research into sustainable chemistry. In 2013, construction of a carbon neutral sustainable chemistry laboratory began as part of a £12 million collaboration with the University of Nottingham in the UK. We also pledged £400,000 each year until 2024 to establish a Centre of Excellence for Sustainable Chemistry in São Paulo, Brazil, to advance and share knowledge on the subject between researchers in Brazil and the UK. In Singapore, we are funding research into green and sustainable manufacturing as part of our partnership with the Singapore Economic Development Board.

### Pharmaceuticals in the environment

Pharmaceuticals are not always completely absorbed or broken down by the body, and residues can find their way into the environment when excreted – or if unused medicines are disposed of by consumers. We take this issue seriously and assess the environmental risk associated with patients' use of our products to help ensure that predicted concentrations do not exceed safe levels. We also conduct and support research in this area. For example, we have funded two students at the University of York and the University of Cambridge to study the impacts of pharmaceuticals in the environment as part of their PhD research. Our policy statement on [Pharmaceuticals in the Environment](#) is available online.

### Biodiversity

GSK is not directly involved in bioprospecting – the process of discovering new products that come from biological resources, such as plants or animals. But we do source a number of compounds which are derived from biological resources. We take responsibility for ensuring these have been obtained legitimately and are used in the way they are intended. We also support efforts to conserve biological diversity, such as the Convention on Biological Diversity, the Bonn Guidelines and the Nagoya Protocol.

### Packaging

We are also working to reduce the environmental impact of our packaging and aim to source 90% of wood fibre material used for paper packaging from responsible sources by 2020. In 2013, we repeated our survey of suppliers of carton board packaging, corrugated packaging and leaflet paper and use this information to help us in our purchasing decisions.

### Refrigerants

We have reduced our inventory of chlorofluorocarbon (CFC) refrigerants, which deplete the ozone layer, to below reportable levels. This inventory will be eliminated within the next five years as remaining equipment containing CFCs becomes obsolete.

### Environmental remediation

We take responsibility for removing pollution and contaminants from soil, surface and ground water at facilities we have used previously, and at the disposal sites of waste management companies we have used. In 2013, we spent \$5 million on remediation work, compared with US\$3.8 million in 2012. We have sole or part responsibility for 28 remediation sites globally.

### Compliance and fines

In 2013, we received three environmental fines totalling £2,110. These fines were for late submission of a report about the fuel oil purchased at our sites in Pennsylvania, USA; improper labelling of an empty road tanker leaving our site in Cork, Ireland; and a discharge of waste that was above the effluent limit in Tianjin, China.

### Internal audits

We audit our operations to make sure environmental risks and impacts are identified and managed effectively. Sites are selected for audits based on knowledge of the business, modelling of risk indicators and trends from previous audit findings. The environmental, health and safety (EHS) audits are conducted by a team of certified ISO 14001 Environmental Management lead auditors. In 2013, the team audited 27 sites across different business units around the world. The site audits included a review of environmental management systems. In addition we audited our approach and governance processes around our progression towards our 2020 commitments on carbon, water and waste. For information on audits of our suppliers, (see page 45).

# Engagement

We cannot meet our ambitious commitments without engaging our employees and partners across our value chain, and working with others in our industry to address global environmental challenges.



## Employees recognised for discovering new process that cuts carbon and costs

In 2013, our CEO's Environment, Health, Safety and Sustainability Awards recognised an exceptional team of biologists and chemists working across our R&D and manufacturing units. Working collaboratively, the team discovered and developed a new way to manufacture a

chemical that we use in clinical trials for a treatment for Fabry disease – a rare genetic metabolic condition. Using synthetic biochemistry, the new process not only reduces manufacturing costs, but also cuts CO<sub>2</sub>e emissions by around 80%.

## Employees

Using a range of tools, including online social networks, we build our employees' understanding of environmental issues and the ways they can help address these collaboratively. Our global network of sustainability advocates within GSK, help to raise awareness among their colleagues about the changes they could make at work and at home to reduce environmental impacts. We recognise teams who have made a particularly valuable contribution to environmental sustainability through our annual CEO's Environment, Health, Safety and Sustainability Awards (see case study).

## Suppliers

In 2013, we started systematically gathering data from our suppliers on their carbon emissions, water use and waste, building on our engagement with 32 suppliers in 2012. Using Ecodesk, a publicly accessible database, we asked over 550 suppliers to submit their data to help us better understand and map our suppliers' sustainability performance. By the end of 2013, 261 of the suppliers we contacted had completed an Ecodesk profile.

We are using this data to prioritise our efforts to reduce suppliers' environmental impacts. For example, we met with Granules, the company that supplies the active ingredient we use in *Panadol*. Together, we identified opportunities to reduce energy use by 16% and have set up a collaborative programme to realise these savings.

## Industry

We also communicate GSK's sustainability message and share our experiences externally. In 2013, for example, our Head of Environmental Sustainability was a guest speaker at Cleanmed Europe and CDP's FTSE 350 Climate Change Report launch. Participating in Cleanmed Europe gave us an opportunity to engage with 500 healthcare and pharmaceutical professionals – and gather useful feedback on our performance.

# Data summary

	2010	2011	2012	2013	% vs 2010	2015 target
<b>Scope 1 and 2 emissions ('000 tonnes CO<sub>2</sub>e)</b>						
Gas and other fuel	570	572	530	533	-6%	
Electricity and steam	964	881	804	796	-17%	
Propellant emissions during manufacture of inhalers	214	223	244	254	19%	
Sales force travel	165	169	167	177	7%	
Other emissions	62	72	77	73	18%	
<b>Total</b>	<b>1,975</b>	<b>1,917</b>	<b>1,822</b>	<b>1,833</b>	<b>-7%</b>	
<b>Scope 3 emissions ('000 tonnes CO<sub>2</sub>e)</b>						
Purchased materials*	5,600	5,600	5,600	5,600	0%	
Product logistics	169	200	203	202	20%	
Business travel by air	96	97	98	93	-3%	
Propellant emissions during use of inhalers	4,647	4,760	5,198	5,302	14%	
Use of other products*	1,000	1,000	1,000	1,000	0%	
Disposal of products*	200	200	200	200	0%	
<b>Total</b>	<b>11,712</b>	<b>11,857</b>	<b>12,299</b>	<b>12,398</b>	<b>6%</b>	
<b>Total scope 1 and 2 emissions ('000 tonnes CO<sub>2</sub>e)</b>	<b>13,687</b>	<b>13,774</b>	<b>14,121</b>	<b>14,230</b>	<b>4%</b>	<b>-10%</b>
<b>Water (million m<sup>3</sup>)</b>						
Water use in our operations	18.7	17.4	16.1	15.7	-16%	-20%
<b>Waste ('000 tonne)</b>						
Waste generated**	178	170	151	168	-6%	-25%
Waste to landfill	17.2	13.1	10.1	10.5	-39%	-25%
<b>Mass efficiency %***</b>						
Weighted average of new processes in calendar year	1.5%	2.8%	2.3%	1.0%		2.5%

\* Estimated data (not verified by Bureau Veritas)

\*\* Waste generated no longer includes solvent waste that is recycled on site and reused in processes

\*\*\* Mass efficiency is a measure of the amount of raw materials required to make a new active pharmaceutical ingredient, and weighted to account for the scale of manufacture. In 2013, one low volume process was transferred to manufacturing, leading to the lower efficiency figure. We remain on track to achieve our 2015 target of 2.5%, which is an average of performance over five years. We will no longer report mass efficiency because it covers the chemistry stages registered for regulatory purposes, not the complete manufacturing process. We now have an established carbon footprint reduction strategy with a 25% reduction target by 2020 (not verified by BV).

# Summary of assurance statement

## Basis of reporting and external assurance

Energy and CO<sub>2</sub>e emissions data are collected from all 72 of our pharmaceuticals and consumer healthcare manufacturing sites, 16 vaccines sites, 21 pharmaceuticals and consumer healthcare R&D sites, the UK headquarters building and over 60 offices and distribution centres. Water and hazardous and non-hazardous waste data are collected from all our manufacturing vaccines operations, and R&D locations. Based on our materiality assessment, we do not collect non-hazardous waste and wastewater data from offices. Volatile organic compound (VOCs) are reported only from sites that manufacture pharmaceuticals or contain R&D pilot plants. We use the Greenhouse Gas Protocol for all of our calculations of CO<sub>2</sub>e emissions from energy use, propellants and refrigerants.

We use CO<sub>2</sub>e country factors for electricity published by the International Energy Agency in 2013.

Sites were selected for review from all of the GSK businesses. Site specific audits were conducted at four sites where data was verified back to source. There was special focus on sites that had been top contributors to environmental emissions the previous year, sites that had not been previously visited in prior years, and sites that had difficulty submitting data in a timely manner.

## Bureau Veritas' Summary independent assurance statement

Bureau Veritas UK Limited has been engaged by GSK plc to provide independent assurance of the Environment, Health and Safety (EHS) performance data for 2013 that has been prepared by GSK plc. The objective of Bureau Veritas' work is to express an opinion on the accuracy and reliability of the EHS data and to provide a summary of findings.

The full assurance statement can be found [online](#) that includes details of the scope of work, methodology, findings and recommendations for improvement.

## Summary of Scope and Methodology

Assessment of performance data contained within the [EHS Data Table](#) and associated data management processes: this involved detailed review of the integrity of selected datasets and aggregation and checking processes at a corporate level, as well as sampling data back to source at four GSK sites. The sites were chosen to represent the facilities with significant environmental impact, GSK operations and geographical spread.

Interviews with senior EHS staff to understand GSK's objectives and approach to data management.

## Opinion and Recommendations

As a result of the verification conducted as per the scope of work, it is Bureau Veritas' opinion that GSK's 2013 EHS performance data:

- provide a fair summary of EHS-related activities and performance; and
- contain performance metrics and information that are based on established collection and collation processes, and are deemed to be free from significant error, omission or bias.

The data evidenced at site level was seen to be based on well-established and implemented data management processes and underlying systems.

There are certain areas that could lead to further refinement, such as: more complete inclusion of EHS data from the Commercial Operations business units; and more formal definition and structure to the quality control process for following up anomalies detected in consolidated EHS data. Further detail may be seen in the full assurance statement.

## Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability, with over 180 years history. The assurance team has extensive experience in environmental, social, ethical, and health and safety information, systems and processes.

Bureau Veritas' Code of Ethics ensures that staff avoid conflict of interest and maintain high ethical standards in their business activities.

## GSK's response to assurance

We are pleased with Bureau Veritas' findings on GSK's established processes in managing Environment, Health and Safety data. We are committed to continue improving, with the ultimate goal of providing the most accurate EHS data to the public on our website. In 2014, we will continue to work toward improving our data accuracy with an emphasis on incorporating the recommendations provided by Bureau Veritas. The data in the Corporate Responsibility Report can be used by sites to improve their management of their environmental, health, and safety programmes. In 2014, we will continue working with all sites to improve their data submission, including providing comments for the explanation of trends in a complete and timely fashion.

Read GSK's full response to assurance [here](#).



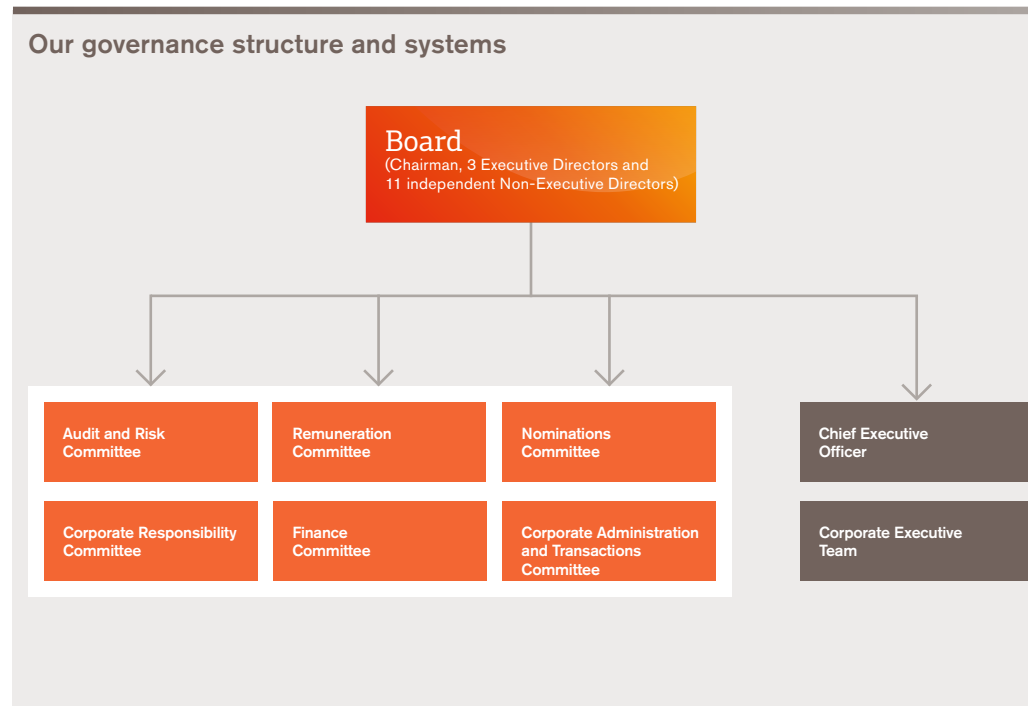
# Governance and engagement

## Governance

We have a robust governance structure in place to evaluate our policies and programmes, and ensure the approach we take on corporate responsibility issues is appropriate. Our board-level Corporate Responsibility Committee (CRC) has overall responsibility and sits within a clear organisational structure that ensures accountability (see graphic).

- **Corporate Executive Team (CET):** Headed by our Sir Andrew Witty, the CET is responsible for managing the business and overseeing internal policies and programmes.
- **Corporate Responsibility Committee (CRC):** Headed by our Chairman, Sir Christopher Gent, and including CET members, this Board-level committee provides high-level guidance and oversight on our approach, and reviews our performance and progress against our commitments (see page 9). It meets at least four times a year and reports its findings to the Board annually.
- **Audit and Risk Committee:** The board-level committee focuses on the key business risk areas for GSK, including non-financial and reputational risks. It is supported by our Risk Oversight and Compliance Council (ROCC).

Our commitment to good governance and transparent reporting reflects our core values. To help us prioritise the issues we focus on, we engage with a wide range of stakeholders to understand what matters most to them.



See our Annual Report for a summary of the 2013 CRC Report, including topics covered in CRC meetings, such as employee compensation and human rights, and further details on corporate governance.

## Audit & Assurance

Our Audit & Assurance department conducts independent assessments of the adequacy and effectiveness of GSK's management of significant risk areas – including aspects of our performance as a responsible business. Outcomes are reported to the Audit and Risk Committee, in line with an agreed Assurance Plan. This includes assessing, on a sample basis, the processes and controls in place to comply with laws, regulations and company standards throughout GSK.

The audit team recommends strategies for improvement and GSK managers develop action plans to address the causes of non-compliance and gaps in internal controls. Audit & Assurance tracks these plans through to completion and reports results to senior management and the Audit and Risk Committee.

Read more about assurance, internal audit and risk management in the Governance section of our [Annual Report](#).



# Governance and engagement

*continued*

## Stakeholder engagement

Regular dialogue with stakeholders enables us to understand how our business may affect – or be affected – by them. Their feedback helps us to identify and prioritise important issues and develop responses that are in the best interests of society, as well as our shareholders.

We engage with a wide range of stakeholders through: day-to-day interactions with customers; engagement with governments and patient advocacy groups (see page 47); regular dialogue with employees (see page 56), suppliers, partners (see page 17) and investors.

In 2013, we also sought feedback on our corporate responsibility performance and reporting through formal engagement exercises, including, a survey of more than 260 stakeholders worldwide, a series of face-to-face interviews and two roundtable discussions with 20 opinion formers in the UK and the USA.

This engagement found that, although our focus on access to healthcare is considered appropriate and our performance in this area strong, we should further highlight our partnerships, strive for greater transparency in the way we do business, be clearer about the business case for our corporate responsibility activities, and show how we plan to meet and measure progress against our commitments. We have used this feedback to strengthen our communications and reporting in 2013.

*“GSK is recognised as a market leader in its access to medicines. We ask the pharmaceutical sector to focus on making access about something commercial, embedded in the business and economically scalable, and GSK have gone further than most on this.”*

**Vicki Bakhshi**  
F&C Asset Management

*“I would like to see GSK develop more context around economic development and the linkages to your business. There are other ways you’re contributing, such as building capacity, R&D and training staff in developing countries.”*

**Mark Little**  
BSR

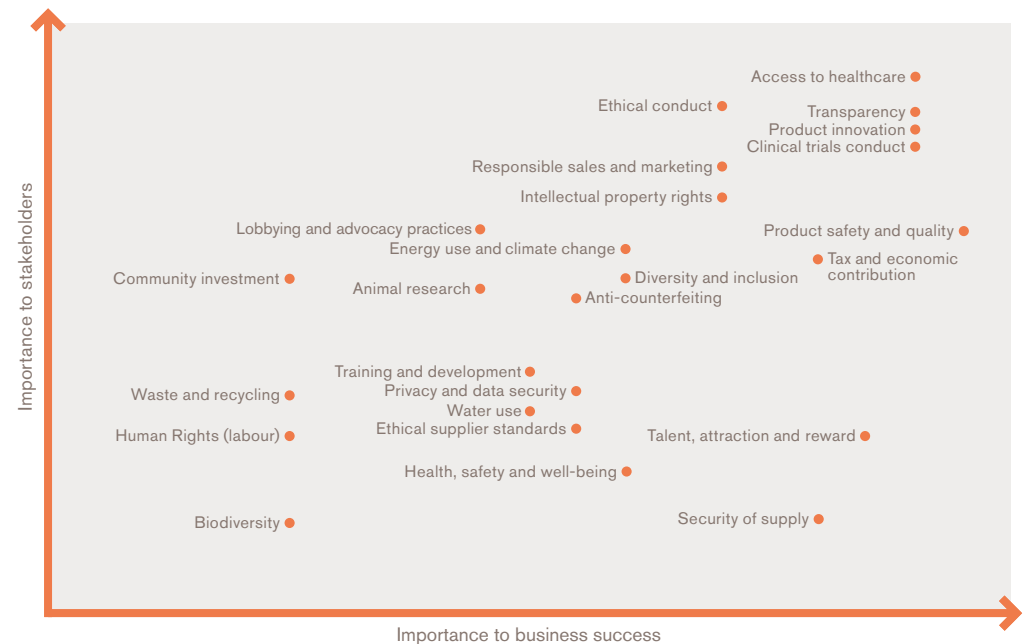
## Material issues

In 2013, we conducted a formal materiality assessment to prioritise the issues that are most important to our business and our stakeholders.

We used the findings of stakeholder engagement we have conducted over the last two years to assess the importance of specific issues to different groups of stakeholders, as well as looking at how important each issue is to our business – our values, our strategy and our products.

The resulting ‘matrix’ of issues is shown below. We will use this to inform our approach to reporting and help us prioritise our efforts in relation to responsible business.

## Materiality Analysis Output



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# About this report

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## About our reporting

We report our performance annually in this report as part of our commitment to being open and transparent about our business activities. Responsible business is also covered in our [Annual Report](#).

## Data coverage

Data in this report relates to GSK's global operations in the calendar year 2013, except where otherwise stated. Data in the environment and health and safety sections has been independently verified by Bureau Veritas. Brand names appearing in italics throughout this report are trademarks owned by and/or licensed to GSK or associated companies.

## Reporting standards

Our [index](#) against the Global Reporting Initiative guidelines shows which elements are covered in the report. As a signatory to the UN Global Compact, we publish an annual [Communication on Progress](#) to demonstrate how we uphold its ten principles.

## Your feedback counts

We welcome your feedback on our responsible business performance and reporting. Please contact us at [csr.contact@gsk.com](mailto:csr.contact@gsk.com). You can also request receive regular updates on our progress.