

Employment 2

Employment Practices

Corporate responsibility principle

We will treat our employees with respect and dignity, encourage diversity and ensure fair treatment through all phases of employment. We will provide a safe and healthy working environment, support employees to perform to their full potential and take responsibility for the performance and reputation of the business.

To learn more on employment practices visit our website

GSK employs 100,000 people in 116 countries.

The success of our business depends on us getting the best from our people. We do this by creating a positive working environment, offering competitive reward packages that emphasise performance, providing opportunities for training and advancement, and by listening and responding to employees' feedback.

We expect employees to meet high standards in the way they carry out their work for GSK. The GSK Spirit defines our culture and the principles we expect employees to work by. These are:

- performance with integrity
- entrepreneurial spirit
- focus on innovation
- a sense of urgency
- passion for achievement

Regular performance appraisals assess whether employees have upheld these principles and the requirements of our Code of Conduct in their work. The results affect bonuses and career progression. See Standards of Ethical Conduct in the website for more information on our Code of Conduct.

This section explains our approach and performance in 2004. It covers:

- the results of our 2004 Global Leadership survey assessing employee satisfaction and the development of GSK's culture
- our programmes to recruit and retain a diverse workforce
- employee development and performance appraisals
- how we communicate with employees and get their feedback
- our health, safety and wellbeing programmes

Case study

Improving Ergonomics at our Barnard Castle Site

The new isolator is one of 80 ergonomic improvement projects at Barnard Castle

We have taken several initiatives to reduce ergonomic risks at our Barnard Castle site in northern England in 2004. The site won first place for safety in our 2004 internal Environment, Health and Safety awards for excellence.

The Ergonomic Improvement Team (EIT) was formed at the site in 2001 to combat increasing lost time illnesses and injuries related to musculoskeletal disorders such as repetitive strain injury. It includes 13 employees from a range of different departments across the site.

Ergonomics are considered in the design of new equipment – we conduct risk assessments and discomfort surveys, and consult trained local ergonomic experts.

We encourage employees to be aware of ergonomics and have seen a 160% increase in ergonomic hazards reported. The EIT has produced two ergonomics manuals for employees, an awareness training package and completed 80 improvement projects in a three year period (2002-2004) including the ones described below.

Warehouse employees operating very narrow aisle (VNA) hi-racker trucks complained of sore backs and wrists. The trucks were more than ten years old, so we decided to buy a new fleet at a total cost of £347,000 (\$635,000), primarily to improve operator comfort. The trucks have better controls that require less effort to manoeuvre, have more headroom to allow drivers to sit or stand comfortably, and fully adjustable seats designed to provide good back support. They are also more efficient and use less energy to operate.

We consulted employees when purchasing and installing a new isolator (to be used for the biological testing of products) in order to identify and minimise ergonomic risks. Responding to their comments, we modified the design of the isolator to minimise the amount of bending, twisting and stretching necessary to operate it.

In 2003, the site achieved its best ever EHS performance, with 3.4 million hours worked without a lost time injury or illness.

The model developed at Barnard Castle is being rolled out across other GSK sites.

Global Leadership Survey 2004

The sustainability of our success as a business rests significantly on intangibles such as the quality of our leadership, our culture and our ability to develop talented people. Regular employee surveys help us to monitor the evolution of GSK's culture and overall employee satisfaction with the Company. The results are used to assess the effectiveness of our people management practices and identify areas for improvement.

In 2004 we conducted our second Global Leadership Survey of GSK managers. The survey was completed by over 9,500 managers in all countries where GSK operates (an 83% response rate). It tracked their views against our first survey in 2002 and against findings from other global companies such as IBM and Microsoft.

Key Survey Findings

The responses were generally more positive than in 2002. There was a significant improvement in the number of positive responses to 29 out of 31 core questions and, overall, responses were on average 4 points higher than two years ago.

Areas that received high scores included business ethics, with 92% of managers reporting that they understand how the GSK Code of Conduct applies to their job responsibilities, pride in the company and clarity about how their role is aligned with GSK's wider strategy and mission. For example:

| | % 2004 | % 2002 |
|--|--------|--------|
| People in my department show commitment to performance with integrity | 91 | 88 |
| I can see a clear link between my work and the company's objectives | 87 | 85 |
| The people I work with cooperate to get the job done | 87 | 82 |
| I am proud to be part of GSK | 83 | 78 |
| Strategies in my department support the pursuit of the GSK mission | 85 | 81 |
| People in my department are committed and enabled to make meaningful contributions | 82 | 76 |
| I feel encouraged to come up with new and better ways of doing things | 77 | 74 |
| I can report unethical practices without fear of reprisal | 76 | 70 |
| I would gladly refer a good friend or family member to GSK for employment | 78 | 72 |

The survey also produced clear messages about areas for improvement. Quite a few managers expressed concerns about workload and also frustrations about not being able to do their best work. The areas that received lower scores still showed improvement over 2002 and included:

| | % 2004 | % 2002 |
|--|--------|--------|
| The amount of work I am expected to do is about right | 45 | 42 |
| GSK is a company where great people can do their best work | 52 | 46 |
| When choices have to be made, my manager usually places quality over other business objectives (deadlines, budget, etc.) | 54 | 48 |
| How satisfied are you with the recognition you receive for doing a good job? | 57 | 56 |
| Sufficient effort is made to get the opinions and thinking of people who work here | 59 | 51 |
| Leaders in my department act as teachers, coaches, and champions of development | 59 | 54 |
| I receive ongoing feedback that helps me improve my performance | 61 | 57 |

Comparisons With Other Companies

Responses to many of the survey questions can be compared with those given by employees of other companies through a cross-company database. This includes responses from around three million employees in 139 countries.

GSK scored highly compared to other companies in several areas. These include:

- My manager effectively communicates GSK goals and objectives
- I can report unethical practices without fear of reprisal
- I have the authority to make decisions that improve the quality of my work

We scored below average in other areas, including:

- The amount of work I am expected to do is about right
- When choices have to be made, my manager usually places quality above other business objectives

It is important to understand the context of this second finding. This is a business where exceptionally high quality standards are built in at every level. Analysis of the response with employees indicated that their concern was related to hitting deadlines, rather than quality per se.

Improvement Plans

The survey findings have been reviewed by GSK's Corporate Executive Team and our business units are developing plans to deliver improvements in key areas.

For example, additional ethics training is planned for parts of the business that scored lower than the GSK average on business ethics questions. Other business units are looking at ways to improve the effectiveness of their employee development, coaching and feedback systems.

Diversity

To learn more about diversity visit our website

GSK is committed to employing a diverse workforce in an environment where all employees are treated with respect and dignity.

Diversity benefits our business. A workforce with diverse backgrounds, cultures and outlooks helps us to understand the needs of different patients and customers. Only by delivering genuine equality of opportunity can we be sure that we have the best people in the right jobs doing their best work for GSK.

We have a range of initiatives to ensure we meet our diversity commitments. We also monitor and report data on gender diversity by management grade worldwide and on ethnicity in the UK and US.

Activity and Performance in 2004

Disability Review

We conducted a comprehensive Disability Review in the UK during 2004 to make sure GSK is meeting the needs of disabled employees and visitors. The Review covered accessibility of our UK locations, the GSK web and intranet sites and an audit of our employment policies.

During the Review we consulted with employee focus groups and external organisations, including the Royal National Institute for the Blind and the Employers Forum on Disability.

We carried out 21 audits to assess access to our sites and offices. They identified physical changes needed to improve access, which are now being implemented. We also provided training to our front of house employees so they know how to assist disabled visitors when necessary.

Our internet site was also assessed and we are making improvements to ensure it is compatible with browsers used by visually-impaired people. All job applications to GSK must now be made over the internet, so it is particularly important that the site is fully accessible and that help is readily available for disabled applicants.

We have also provided training for employees working in human resources, to make sure that disabled candidates receive equal consideration in our recruitment processes.

GSK received the UK Government's Two Ticks accreditation for its commitment to employing disabled people.

Gender Diversity

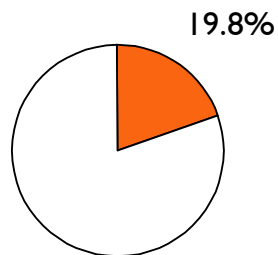
| Women in management | | | | | |
|---------------------|-------------|------------|-------------|------------|--------------|
| Grades | Female | % | Male | % | Total |
| A&B Bands | 139 | 19% | 587 | 81% | 726 |
| C01 - C03 | 1263 | 33% | 2616 | 67% | 3879 |
| C04 - C05 | 2580 | 38% | 4289 | 62% | 6869 |
| Total | 3982 | 35% | 7492 | 65% | 11474 |

The total number of women in management increased incrementally this year; however women remain under represented in senior grades. We will continue to focus on ways of ensuring women have genuine equality of opportunity in GSK.

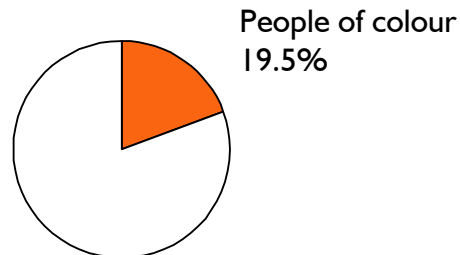
We held our first Women in Science event in the UK in May 2004, enabling female science graduates to give feedback on how GSK could attract more women scientists. Women in Science will take place each year and we plan to hold a similar event in the US during 2005.

Ethnic Diversity

UK employees from ethnic minorities



Ethnicity of US employee population



In 2004, ethnic minorities accounted for 19.8% of UK employees. In the US, people of colour made up 19.5% of our workforce, the same as for 2003.

Multi-Cultural Marketing and Diversity Awards

Our annual Multi-Cultural Marketing and Diversity Awards recognise staff who have found creative ways to reach a wider audience of employees, customers and communities.

Awards are given in several categories including one for Employee Attraction, Development and Retention. This year's winners included:

- An Asian Employee Support Group in North Carolina that provides "English as a Second Language" classes and career development coaching to its members
- Employee mentoring and summer internships to encourage young women to become scientists
- The "Famili Vaccines" initiative in India, which encourages mothers to have their children vaccinated. The campaign is delivered in 12 languages and conveys messages that take into account religious and cultural differences across India
- A US "SeniorCare" programme to help elderly people cope with diabetes and respiratory problems

Employee Networks

Our employee networks in the US encompass programmes for Asian, African American, Hispanic and gay and lesbian employees. The first gay and lesbian network leaders conference was held during 2004 to share practical strategies for leading the employee groups.

Employee Development

GSK invests in training and development to enable employees to perform to the best of their ability and to develop their careers.

We provide a range of job-related training to help all employees build their skills and do their jobs effectively. In addition, appropriate leadership training is available to all managers. Employees can enrol in training programmes through our myLearning intranet site in the UK and US. During 2004, 8,882 employees attended 438 development programmes in these countries. Similar opportunities exist for employees worldwide but data are not currently collected on the take-up of the programme.

In 2004, 1540 people attended Leadership Edge, our global programme for senior managers, and 412 attended Leadership@GSK, the programme for middle managers. A further 221 employees attended our foundation programme for new managers, Management@GSK. The programmes are designed to help managers improve the performance of their staff and to increase their insight into differing work styles, strengths and motivation. Also in 2004 the Inspirational Leadership Workshop was launched to build on some of the main concepts of Leadership Edge, focusing on the senior leadership role of inspiring and motivating people to high performance to meet business challenges. The Workshop is targeted at executives and senior leaders, particularly those with significant influence over large numbers of staff.

Regular performance appraisals reward strong performance as well as helping employees to set objectives and identify the training they need. More than two-thirds of GSK employees receive an annual performance appraisal through our Performance and Development Planning (PDP) programme.

The PDP process includes an assessment of how well employees have implemented the GSK Spirit - the principles we use to define our culture. It can have a significant impact on bonus payments, potentially reducing them to zero if an employee is found not have followed the Spirit, and can also affect future career development.

Internal Communication

Good internal communication is important in achieving our business objectives as well as creating an open and inclusive work environment.

We have a range of communications channels to keep employees up-to-date with company news and enable them to give feedback. These include:

- myGSK, our global intranet site, provides news and updates and a Q&A section where employees can put questions directly to the CEO and other senior executives. Up to 100 questions are answered each month.
- Behind the News, a section of the GSK intranet, gives the company's position on important issues linked to press stories about GSK.
- Spirit, our internal magazine, reaches around 50,000 employees throughout the company four times a year. In 2004 Spirit won a Gold Award for Best Internal Magazine of the Year from Communicators in Business Awards, Europe's biggest and most prestigious awards programme for corporate communications.
- "Townhall" sessions for employees at all levels of the company, hosted by senior management including the CEO. Employees have the opportunity to discuss the progress of the business, raise questions and give feedback. There were 16 of these events in 2004.
- Employee surveys are carried out regularly throughout the organisation to enable staff to give feedback. A global survey of managers is carried out every two years. See Global Leadership Survey.
- A leadership conference for senior managers celebrated employee contributions, GSK's future vision of success and the role leaders play in the company. Following the conference delegates debriefed their teams on the messages and outcome of the conference. 97% of managers who attended felt it was a worthwhile use of their time.
- Many of our sites and offices produce local newsletters that help keep employees up-to-date on local and company news.
- Confidential feedback mechanisms enable employees to raise concerns. These include our integrity helpline. See Standards of Ethical Conduct.
- In Europe our Works Councils and European Employee Consultation Forum provide regular opportunities for employees and company management to discuss issues. See Human Rights in the website for more information.

We also keep employees informed about our corporate responsibility programmes. During 2005 all senior employees will receive a copy of our CR Overview. The Overview will also be included in Spirit, our internal magazine, which reaches around 50,000 employees.

We track the effectiveness of communications through questionnaires and employee surveys. Our Leadership Survey in 2004 found that:

- 61% of respondents believe our communications are open, honest and objective
- 75% feel they have access to the information they need to be an ambassador for GSK.

See Global Leadership Survey in the website for more details.

We monitor the questions employees put to senior managers through the Q&A pages on myGSK to ensure we pick up potential areas of concern. We also track readership of news stories on myGSK to help improve the relevance and interest of the content.

Health and Safety

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The health and safety of employees and contractors is an absolute priority for GSK. We systematically assess the risks associated with our operations and take action to protect employees and others in the workplace.

We track the number of cases of work-related injury and illness resulting in time off work. Our target is to reduce work-related lost time injuries and illnesses per 100,000 hours worked by 15% every year until the end of 2005. During 2004 our injury and illness rate remained almost constant and therefore we did not meet our target. This may be partially explained by improvements in our reporting systems, including training, resulting in more accurate data.

We will redouble our efforts to resume the positive trend established between 2001 and 2003 that led to a 30% reduction in the illness and injury rate.

We routinely monitor the causes of incidents and assess what can be learned to avoid them happening again.

About the Health and Safety Section of This Report

This is the 5th year that we have reported on our health and safety performance. The legacy companies (Glaxo Wellcome and SmithKline Beecham) individually published EHS reports for a number of years prior to the formation of GSK in 2000. Copies of these reports are available on the Corporate Register website

In previous years, we have published a separate EHS report alongside our Corporate Responsibility Report, but this year we have fully integrated the two.

There are also more details about our corporate responsibility reporting in the section about this report.

Scope of Data

The health and safety data covers the calendar year 2004. It is collected from all our 84 pharmaceutical and consumer manufacturing sites, 6 of 8 biologicals manufacturing sites and all 24 R&D sites as well as all 6 distribution centres, all 6 major office locations and 63 of our smaller offices

and sales locations. We include data for sites that were in operation for all or part of the year.

Notes attached to the charts explain the scope and data collection process for each parameter in more detail.

Verification

The environment, health and safety sections of this report are externally verified by ERM (Environmental Resources Management). Web pages to which the verification applies are indicated by this symbol



See ERM's verification statement in this document.

How we Manage Health and Safety

We manage health and safety through an integrated environment, health and safety (EHS) management system. The system incorporates our EHS and Employee Health Policies, EHS Vision and 64 Global EHS Standards. Our EHS Plan for Excellence sets out our strategy for improving EHS performance up to 2010. See more on our EHS Management System section in the website.

Our Corporate Environment, Health and Safety (CEHS) and Employee Health Management (EHM) teams help coordinate our health and safety programmes. See more on our EHS Management Organisation section in the website.

In these pages we summarise activities during 2004 that relate specifically to health and safety. See the EHS Management in the website section of our Corporate Responsibility Report for information on how we manage environmental and broader EHS issues.

Health and Safety Feedback From our EHS Audits

We aim to conduct EHS audits at each operational site at least once every four years. We carry out more frequent visits at selected sites, depending on an assessment of risk and the issues raised by previous audits. In 2004, 33 sites were audited including three key office locations. The average score was 71%.

Our audits identified several priority areas:

- Chemical risk assessment and control.
- Managing resilience and mental well-being.
- Ergonomic risk assessment and control.
- Scope and adequacy of workplace risk assessments.
- Management systems approach to auditing EHS programmes.
- Root cause analysis of EHS incidents.
- Implementation of permit-to-work programmes.
- Management of contractors.

All sites are required to develop plans to address any weaknesses and opportunities to improve identified in the audit. Auditors monitor sites' progress in implementing the plans. In 2004 the EHS audit process and scoring system were further refined based on experience and feedback. We are trialling EHS auditing software on our intranet site to help the auditors track progress, and aim to have a fully functional version ready in 2005.

OHSAS 18001 Certification

In 2004, four sites achieved certification to the international health and safety standard OHSAS 18001 for the first time. This brings the total number of manufacturing sites certified to 14 out of 84 pharmaceutical and consumer

manufacturing sites with one additional site that certified only the utilities area. The certified sites are in China, Egypt, France, India, Mexico, Poland, Turkey and the UK. See audits and certification in the website for information on certification to the environmental management standard ISO14001.

Health and Safety Week

GSK runs an annual Health and Safety Week every October (to coincide with the European Health and Safety week). Information kits are sent to all sites to help them develop ideas and plan activities. In 2004, over 13,800 employees from 67 sites in 29 countries took part in the Health and Safety Week.

Activities included sports days, safe driving education, ergonomics training, awareness-raising on healthy eating and lifestyles, and family participation events.

Injury and Illness Rates

The main indicator we use to measure health and safety is the lost time injury and illness rate, ie work-related injuries and illnesses that result in time off work. Other measures include lost calendar days from injuries and illnesses, and reportable injury and illness without lost time.

Lost Time Injuries and Illnesses

Lost time injuries and illnesses are work-related incidents that are serious enough to result in one or more days away from work.

In 2004 there were 519 lost time injuries and 61 lost time illnesses corresponding to a combined rate of 0.30 per 100,000 hours worked.

At 71 sites in 35 countries, there were no lost time injuries or illnesses during the year. At one site in China, there have been no lost time injuries or illnesses for three years. In addition:

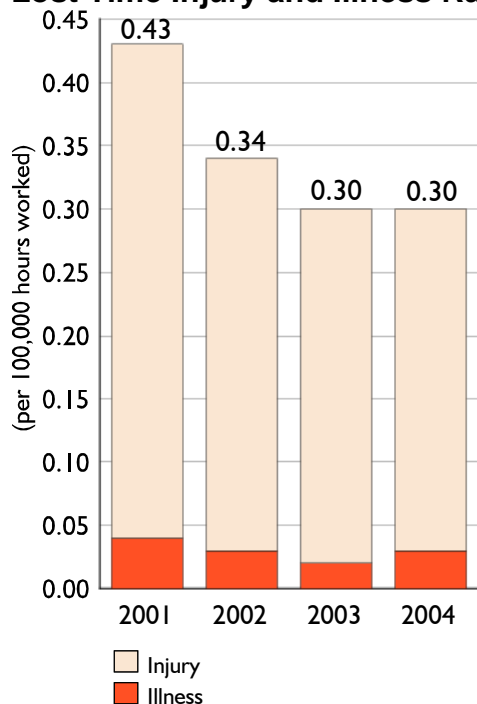
- two sites in Canada and Mexico achieved 5 million hours worked without a lost time injury or illness;
- one site in Puerto Rico achieved 4 million hours worked without a lost time injury or illness;
- three sites in Bangladesh, Pakistan and Singapore achieved 3 million hours worked without a lost time injury or illness;
- three sites in India, Saudi Arabia and the US achieved 2 million hours worked without a lost time injury or illness;
- ten sites in China, India, Pakistan, Poland, Spain, UK, and the US achieved 1 million hours worked without a lost time injury or illness.

See more on injury and illness milestones in the website.

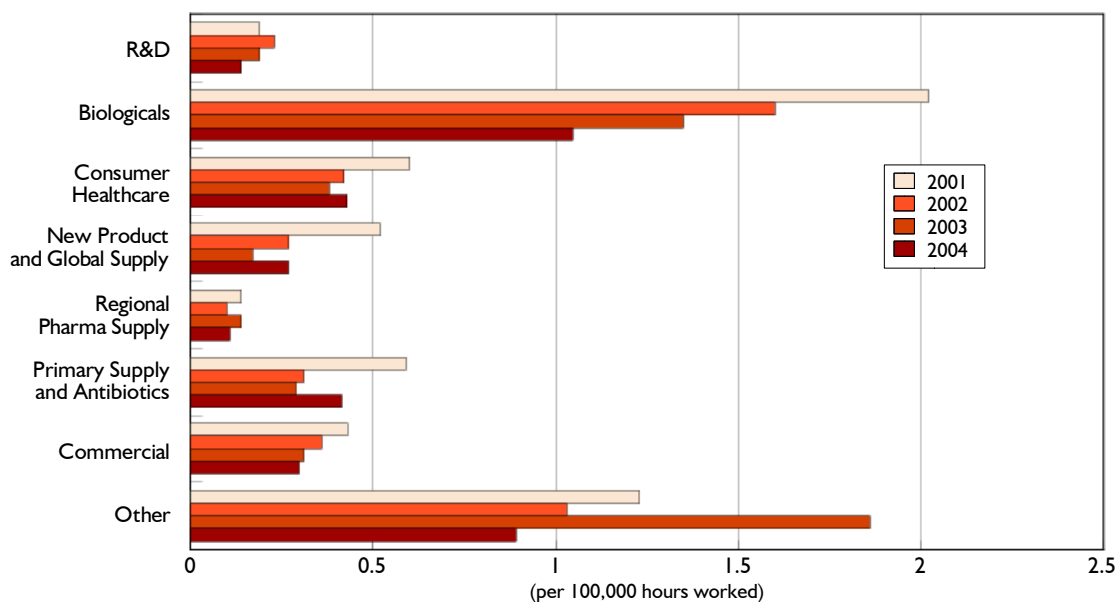
Cases of work-related mental ill health are excluded from the overall illness rate. This is because the consistency of reporting such cases is less robust than other occupational illnesses and there are variations in the way these illnesses are defined under local legislation which affects reporting. However, we are working to address these inconsistencies and aim to include these cases at a future date. In 2004, there were 30 cases of work-related mental ill health with lost time, a rate of 0.02 per 100,000 hours worked.

Performance

Lost Time Injury and Illness Rate



Lost Time Injury and Illness Rate by Business



We track the number of cases of work-related injury and illness resulting in time off work. Our target is to reduce work-related lost time injury and illness per 100,000 employees by 15% every year until the end of 2005. During 2004 our injury and illness rate remained almost constant and therefore we did not meet our target. This may be partially explained by improvements in our reporting systems, including training, resulting in more accurate data.

We will redouble our efforts to resume the positive trend established between 2001 and 2003 that led to a 30% reduction in the illness and injury rate.

In 2005 we will need to achieve a 24% improvement to put us back on track to achieve our 2005 target.

Notes to Injury and Illness Charts The health and safety data cover both our employees and contract workers who are directly supervised by GSK employees.

All injury and illness rates are per 100,000 hours worked.

Lost time injuries and illnesses are work-related injuries and illnesses that are serious enough to result in one or more days away from work.

Lost calendar days are the calendar days that employees could not work because of work-related injuries and illnesses. This helps to provide a measure of the severity of injuries and illnesses.

Reportable injuries and illnesses without lost time are reported incidents that did not result in time away from work (lost time). They are more serious than first aid but generally less serious than lost time.

We do not include cases of mental ill health in our lost time illness rates. This is because of variations in the way mental ill-health is defined and reported across sites, which we are working to address.

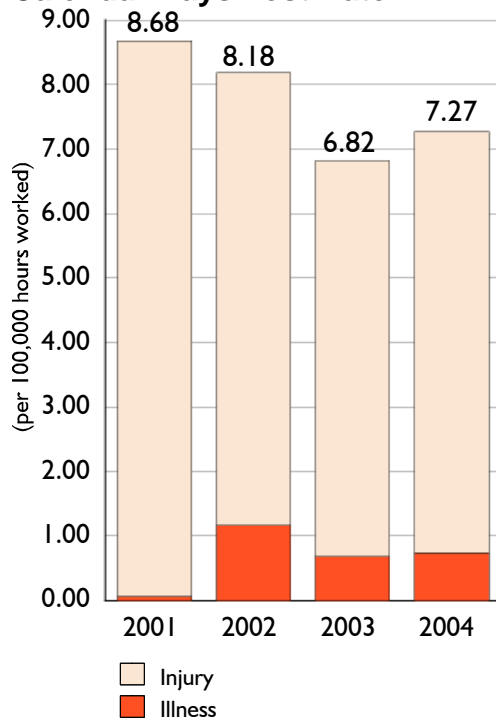
Lost Calendar Days From Injuries and Illnesses

We also measure the calendar days that employees could not work because of work-related injuries and illnesses. This helps to provide a measure of the severity of injuries and illnesses, although it is not always an accurate reflection eg some illnesses such as hearing loss and sensitisation can result in permanent disability without resulting in lost time.

In 2004, excluding work-related mental illness, there were 12,748 lost days due to injury and 1,446 lost days due to illness. There were an additional 1,513 lost days due to work-related mental illness. In 2004, approximately 13% of illnesses resulted in permanent disabilities, such as noise induced hearing loss, sensitisation to chemicals and some musculoskeletal illnesses.

Performance

Calendar Days Lost Rate



Notes to injury and illness charts – as box above.

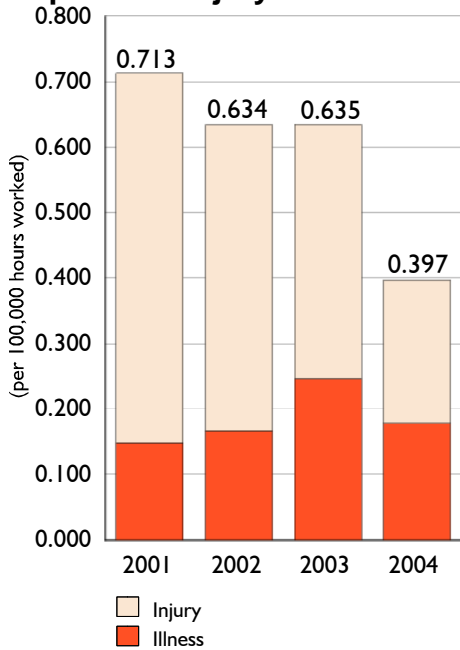
Reportable Injury and Illness Without Lost Time

We also measure the number of reportable injuries and illnesses that did not result in time away from work (lost days). These are work-related injuries and illnesses that are more serious than first aid but generally less serious than lost time.

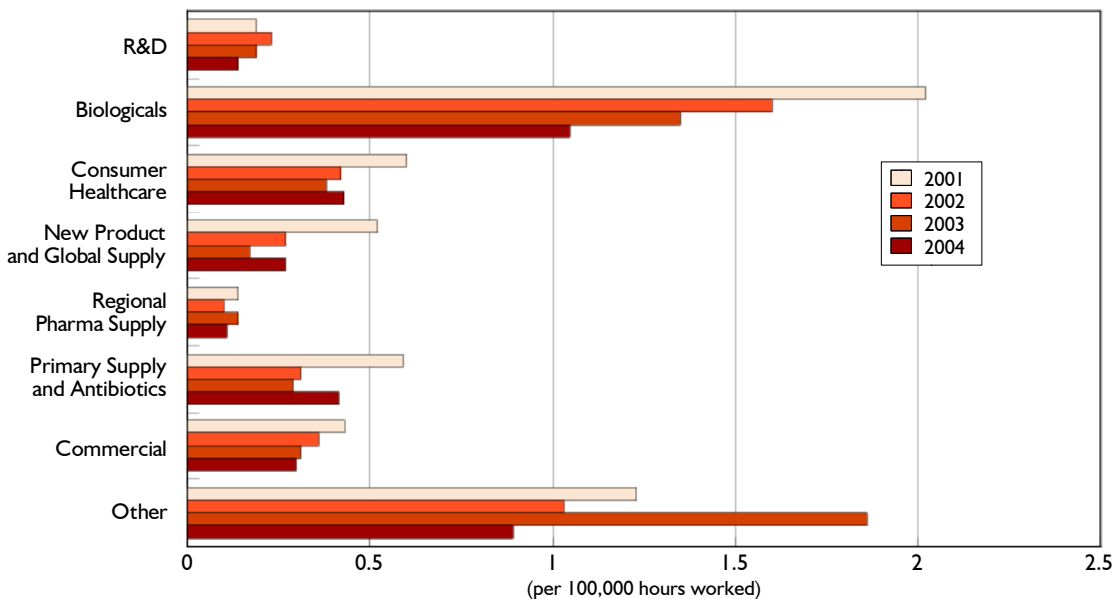
In 2004 there were 430 injuries without lost time and 345 illnesses without lost time. There was also an additional 9 cases of mental illness without lost time, a rate of less than one per 100,000 hours worked.

Performance

Reportable Injury and Illness Without Lost Time Rate



Reportable Injury and Illness Without Lost Time Rate by Business



Notes to injury and illness charts - as box above.

Contractors Working on GSK Sites (Not Directly Supervised by GSK Employees)

Here we report health and safety data for construction contractors or contract companies (eg those providing catering and landscaping services) who work on GSK sites but supervise and direct their own staff. The data for contract workers who are directly supervised by GSK employees are included in the data for GSK employees.

In 2004 there were 83 lost time injuries and illnesses (a rate of 0.40 per 100,000 hours worked). There were also 1,351 calendar days lost (a rate of 6.55 per 100,000 hours worked) and 412 reportable injuries and illnesses without lost time (a rate of 2.00 per 100,000 hours worked). This data is not included in the verification by ERM.

These rates are higher than those for GSK employees. Contract companies are responsible for supervising their own employees and also for providing them with safety training.

Causes of Injuries and Illnesses

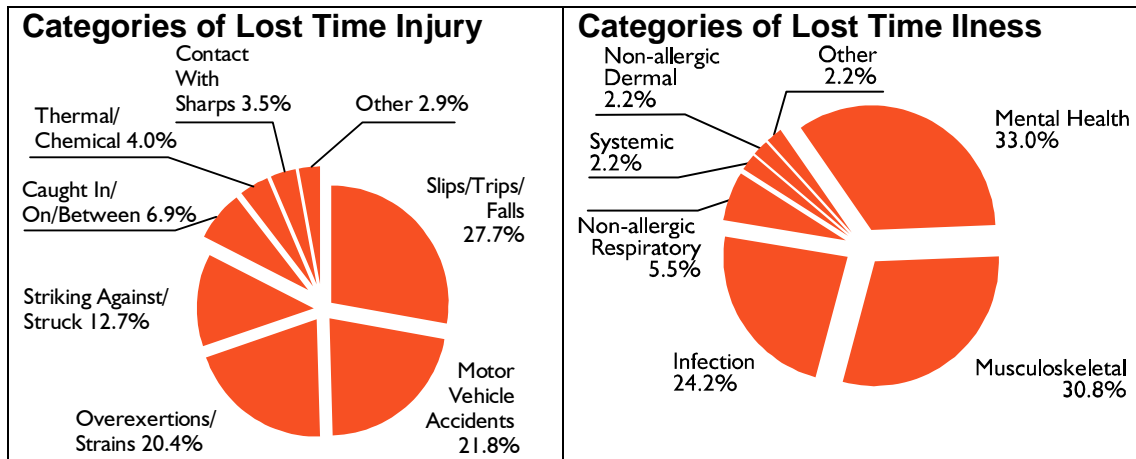
Lost Time Injuries and Illnesses

Slips/trips/falls, motor vehicle accidents and over-exertions/strains were the main causes of injuries resulting in lost time.

Mental illness, musculoskeletal illness (primarily repetitive strain injury) and infections were the main causes of illnesses resulting in lost time. There were two outbreaks of infection (caused by food poisoning at onsite catered events), resulting in 22 cases of food borne illnesses that resulted in lost time.

The causes of lost calendar days were very similar.

Performance



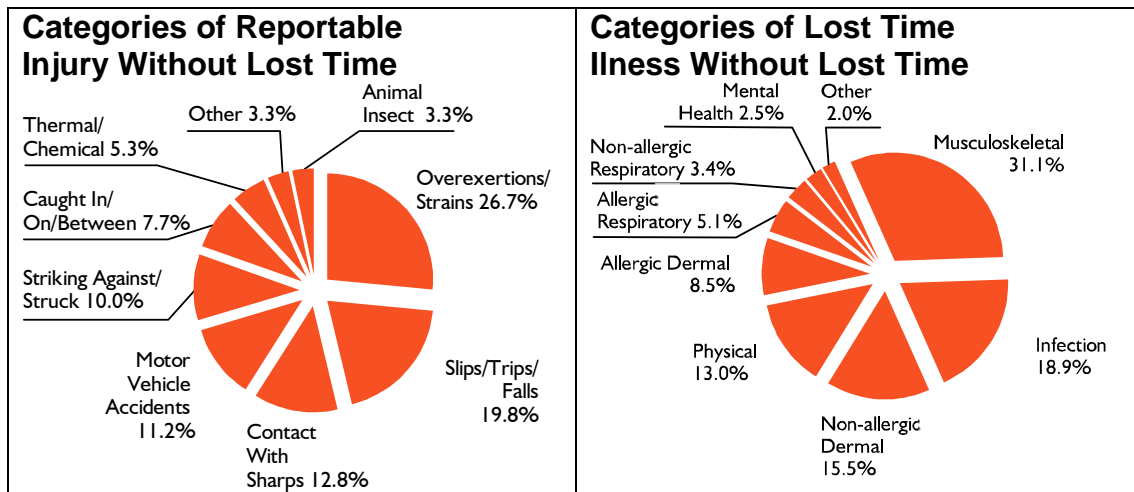
Notes to injury and illness charts - as box above.

Reportable Injuries and Illnesses Without Lost Time

Overexertions/strains, slips/trips/falls and contact with sharps were the main causes of reportable injuries without lost time.

Musculoskeletal illness was the main type of reportable illness without lost time, accounting for 31% of the total. This is followed by infection at 19%

Performance



Notes to injury and illness charts – as box above.

Serious Incidents and Fatalities

We deeply regret two work-related employee fatalities and one work-related third party fatality during 2004.

In Egypt, a GSK sales representative fell into an elevator shaft while on a business trip. In the United States, a GSK sales representative died in a traffic accident. The third party fatality was in Brazil, where a visitor travelling in a GSK car died in a traffic accident. We are working to reduce traffic accidents through our driver safety programme. See safety programmes in the website.

Our health and safety data covers driving accidents that occur on business travel. We only report data on commuting accidents if the vehicle is owned and operated by GSK. However, we took very seriously a commuting accident in Nigeria, where a truck collided with a bus (not owned or operated by GSK) carrying GSK employees to work, leading to six employee fatalities.

We also report serious incidents ie incidents that result in permanent disability (including amputations) or those that are reported to the regulatory authorities. In 2004, accidents with machinery resulted in four employees (at sites in Japan, Pakistan, India and the US) needing to have part of a finger amputated. In addition, one employee (at a site in India) had to have a hand amputated and one employee (in the US) needed surgery but suffered no permanent disability. A Canadian employee suffered severe hand injuries following a serious car crash.

We investigate the circumstances of all fatalities and other serious incidents and assess what can be learned to avoid similar injuries again. We also issue global alerts (posted on our intranet site) to communicate information that could help prevent similar incidents at other sites.

Health Programmes

At GSK, we recognise that good employee health contributes to good business health.

Our Employee Health Policy – which sits alongside our EHS Policy – sets out our overall commitment to protecting and promoting the health and well-being of our employees. An Employee Health Management department supports our sites in implementing the policy globally. In 2004 we held workshops in India, Europe and the US for health practitioners to share information and best practice. See more on Employee Health Management organisation in the website.

In 2004, our internal audits identified a number of weaknesses in the way sites manage key health risks, including chemical agents, ergonomics, and resilience and mental well-being. We have responded by developing new strategies on chemical exposure, ergonomics, and resilience and mental well-being and by introducing a number of new management tools and resources.

In 2005, we plan to set up a new employee health “scorecard” to measure and monitor the effectiveness of programmes and processes to promote the health and productivity of our employees.

Our aim is to improve GSK’s business performance through enhancing the health and resilience of its people. Here are some of the key health achievements in 2004:

Resilience and Mental Well-being

There were 39 cases of mental illness (with and without lost time) at GSK in 2004 – a significant reduction from 79 in 2003. There was also a corresponding decrease in the number of days lost from work-related mental illness from 2,956 in 2003 to 1,513 in 2004.

Mental illness was the leading cause of work-related sickness absence, accounting for 33% of all work-related lost time illnesses. On average, each GSK case of work-related mental illness resulted in 50 days off work, significantly more than the average number of days lost from other causes of occupational illness causing lost time.

We use the term ‘resilience’ to describe the set of skills and behaviours needed to cope successfully with the pressures of a rapidly changing work environment. We have strategies on resilience and mental well-being in the UK and the US. In 2005 we plan to develop a group-wide strategy on these issues.

During the year, a total of 150 teams in the UK used our Team Resilience Toolkit – developed in 2003 – to identify and manage risks and measure performance.

In many countries, including the UK and US, we continued to put in place health and stress-reduction programmes that are relevant to local conditions, cultures and workplace risks. Many of these are designed to reduce workplace pressure and encourage a good work-life balance. Examples include personal and team resilience, personal skills such as time management, flexible working options, health awareness and education initiatives, and healthy food choices at our on-site catering facilities. We also provide fitness facilities either on-site or off-site at many of our sites. For example, in the UK, we have a fitness centre at GSK House in Brentford, and almost half (47%) of the employees who work there are members of it. In the US, we have fitness facilities at nine sites and an average of 20% of our employees have enrolled to use the facilities.

In 2004, our sites in Singapore and the UK received awards for initiatives to promote resilience. Our manufacturing site in Jurong, Singapore, received a Platinum Award from the Health Promotion Board of the Singapore Ministry of Health for programmes which encourage staff to “work hard, play hard and stay well.” A bronze award was also presented to our Quality Road site for health programmes. In the UK, the GSK Resilience and Mental Well-being strategy was recognised by the UK Health and Safety Executive as a Beacon of Excellence and one of the best stress prevention strategies they have seen.

See more on our approach to resilience and mental well-being in the website.

Ergonomics

In 2004, there were 28 cases of musculoskeletal illness (with lost time), mainly due to repetitive strain injury. These accounted for 31% of work-related lost time illnesses – the second most frequent category (after mental health). There were also 106 overexertion/strain injuries with lost time accounting for 20% of lost time injuries. In addition, musculoskeletal illness not related to work is the leading cause of sickness absence in the UK and one of the highest categories of healthcare spend in the US.

In response to these challenges, GSK has developed an ergonomics strategy up to 2010, and created and appointed a new position of a full-time professional ergonomist. With this appointment at the end of 2004 we will refine our strategy and programmes going forward.

Our approach to managing ergonomic issues is a collaborative one involving Employee Health Management staff, safety professionals, engineers, line managers and human resources functions.

In 2004, 106 sites carried out 3,243 office workstation risk assessments using our on-line ergonomics risk assessment tool. This has now been translated into French, Italian, Polish, Portuguese and Spanish and is available on our intranet.

During the year, we also started work to develop a specific ergonomics risk assessment and control tool for non-office based employees. This will be piloted in the US before being extended globally.

A key part of our strategy for 2005 and beyond is to establish employee-led ergonomic improvement teams at all GSK sites. In the UK, we now have such teams at thirteen sites. In 2004, these sites achieved a 40% reduction in musculoskeletal injuries and illnesses.

Over 80 examples of ergonomics best practice have been developed and shared on our intranet. We also created a new area on our intranet for people with ergonomics responsibilities to discuss issues, share ideas and access resources.

In 2005, the GSK ergonomics guidance will be updated to reflect the growing amount of knowledge and expertise in this field. We also plan to incorporate ergonomic principles into our design tool kits for new equipment and processes.

Our manufacturing site in Barnard Castle, UK, was awarded 1st place in the safety category of our EHS Excellence Awards for its ergonomic improvements. See case study in the website.

See more on our approach to ergonomics in the website.

Occupational Hygiene and Control of Chemical Exposure

In 2004, there were 9 cases of respiratory or dermal (skin) illness resulting in lost time and 115 non lost time cases, mainly due to exposure to chemicals. Together, they accounted for 28% of work-related illnesses.

In 2004, we developed a strategy on control of chemical exposure up to 2010. This sets out a plan of action for achieving our 2010 goal of a 'shirt sleeve' working environment i.e. a workplace where containment of chemicals during manufacture replaces the need for personal protective equipment.

During the year we surveyed all our sites to review the way they handle chemicals and control exposure to the most potent compounds (those with an exposure limit less than 100 micrograms per cubic metre. Note – a microgram is one millionth of a gram). This has helped us to understand our current position and set priorities for the future.

We have introduced new tools to help sites calculate the cost of different options for controlling exposure to chemicals. This has resulted in a better understanding of the true costs of control strategies and frequently demonstrates that engineering controls, including containment systems, are more cost effective than traditional control methods of extraction and personal protective equipment. A number of our sites have achieved significant savings by installing new containment systems. For example, in Parma, Italy, a new containment system for a toxic compound for treating cancer led to savings of £1.4 million. In Dungarvan, Ireland, a new enzyme containment solution led to financial savings of £0.2 million.

To share best practice across our sites, we have made available on our intranet site 43 engineering design kits for controlling chemical exposures

(solutions already in existence that we know work) and 10 pre-engineered solutions (new designs). We are also working to develop new technologies that make it easier to contain highly potent compounds.

We continue to refine the way we assess the EHS hazards of materials and integrate this into our research and development process. In 2004, our experts established new occupational exposure limits for more than 40 materials and environmental limits based on scientific data for more than 300 materials.

A task force has been established in our antibiotic business to improve control of chemical exposures during manufacture. We are also addressing the challenging task of controlling exposure to the most hazardous category of compounds during the manufacture of the final formulation of medicines that go to patients.

As with research into new medicines, testing of material hazards may involve animal experiments. GSK is committed to the principle of the 'three Rs' to reduce, refine and replace animal experiments. See more on occupational chemical hazard evaluation and animal testing in the website.

See more on our approach to Occupational hygiene and control of chemical exposures in the website.

HIV/AIDs

In 2004, we continued to provide antiretroviral treatment (ARV) to all GSK employees (full and part-time) and their families in the developing world where treatment is not provided adequately or consistently by the local healthcare system. See more on our approach to HIV in the website.

We also developed a number of awareness-raising initiatives. For example, in 2004, our factory in Nairobi, Kenya, worked with the National AIDS Trust in the UK to develop HIV/AIDs educational materials. This was funded by our Positive Action Programme in the website which provides support to communities around the world affected by HIV/AIDs.

We also offer preferentially priced ARVs to other employers in Sub-Saharan Africa who provide care and treatment for staff. See preferential pricing in the website.

Safety Programmes

We systematically assess risks to anticipate potential accidents, and put programmes in place to minimise them. We also learn from investigating the causes of accidents and make improvements accordingly. In 2004, we introduced a number of new initiatives on driver safety and process safety.

Driver Safety

In 2004, there were 113 driving accidents (with lost time), which accounted for 22% of lost time injuries. Our sales representatives drive long distances every year and are therefore particularly at risk of driving accidents.

Our Global EHS standard on Occupational Travel includes requirements on driver safety. In 2004, we developed 11 technical instruction documents to help GSK businesses comply with the standard. These cover a wide range of topics including driver training, fitness to drive, vehicle selection, risk assessment, insurance, accident reporting, driver ergonomics, and driving and the environment. We monitor compliance with the standard through internal audits and self assessment questionnaires.

GSK also produced a number of tools to help commercial fleet managers improve driver safety. New driver safety programmes for sales representatives were introduced in 18 countries (Belgium, Bosnia, Brazil, Chile, Croatia, the Czech Republic, France, Germany, Hungary, Ireland, Italy, Lithuania, Nigeria, Slovenia, South Africa, Spain, Sri Lanka and Switzerland). More stringent requirements, such as additional training, were added to existing programmes in a number of countries (Australia, Canada, Japan, Poland and Romania and the US). In the UK, a comprehensive driver safety programme was developed in 2004 ready for roll-out to the three GSK commercial business units in January 2005. We will continue to expand driver safety programmes throughout commercial operations in the next few years.

In a few countries, we provide motorbikes or scooters for employees. In 2004, a GSK Motorbike Rider Safety Manual was produced. This was distributed in local languages to employees in countries where motorbikes are widely used, including Bangladesh, India, Indonesia, Pakistan and Vietnam. These countries have now also fully implemented the GSK requirement for every driver of a motorbike to wear a helmet. We will continue to follow up and monitor the implementation of the motorbike safety programme.

See more on our approach to driver safety in EHS Programmes in GSK Commercial in the website.

Process Safety and Safety Engineering

Our process safety programme ensures that safety is built into our manufacturing processes. A Process Hazard Analysis (PHA) must be completed before any new project is carried out. In 2004, we launched a new

Failure Mode and Effects Criticality Analysis (FMECA) system to help engineers develop safer processes.

See more on our approach to process safety and safety engineering in the [website](#) .

We have developed safety data sheets (SDSs) for more than 1,200 of our products. Some of these are available on our website – see [safety data sheets](#). In 2004, we developed an email notification tool which automatically keeps employees up-to-date with changes to SDSs. We also started to make environmental testing data available on our SDSs.

In 2004, we also launched the HazClass System to help track hazardous material shipments worldwide and ensure the safe transportation of over 10,000 materials per month. See more on safe transport of materials in the [website](#).

Suppliers

Our supply chain is complex. It ranges from major strategic relationships with contract manufacturers that make final medicines for us to suppliers of key materials.

EHS Audits

We conduct regular EHS audits of our key suppliers to check they comply with our EHS standards and key legislation. In 2004, we carried out 35 site-based EHS audits of existing and potential suppliers. We found a wide variation in performance across the sites audited. The lowest score was 22% and the highest was 92%. We make recommendations to sites following the audits and have a process to monitor progress, with a particular focus on poorly performing sites.

In 2004, three potential key suppliers achieved unacceptable EHS scores (less than 30%) and therefore we did not source from them. No existing supplier scored below 30%.

We found that health and safety was generally well managed at supplier sites in Europe and North America. However, we identified some challenges in emerging economies, especially in areas relating to fire prevention and response, occupational hygiene and control of chemical exposure, identification of hazards and risks, and systems for reporting and investigating incidents. See suppliers and contractors (in the environmental section of this website) for more about our EHS audits.

Supplier Performance

We have approximately 80 centrally managed key suppliers, which include both contract manufacturers and suppliers of materials.

We are working towards reporting the health and safety performance of our contract manufacturers. This is a more difficult process than collecting data from our own sites because contract manufacturers are independently managed.

In 2004 we collected health and safety data from 13 major contract manufacturers. This data is not included in the verification by ERM.

Employees at the 13 contract manufacturers who reported health and safety data worked a total of 12.8 million hours on manufacturing GSK products in 2004.

Lost time injury and illness:

There were 65 lost time injuries and 16 lost time illnesses corresponding to a combined rate of 0.64 per 100,000 hours worked.

Injury and illness without lost time:

There were 121 injuries without lost time and 22 illnesses without lost time corresponding to a combined rate of 1.11 per 100,000 hours worked.

Calendar days lost from injury and illness:

There were 1,540 lost days from injuries and 84 lost days from illnesses corresponding to a combined rate of 12.71 per 100,000 hours worked.