

A human race



GlaxoSmithKline

Do more, feel better, live longer

£3.5bn

Invested £3.5 billion and employed over 15,000 people in R&D
This includes 14 clinical R&D programmes underway for medicines and vaccines against nine diseases particularly relevant to the developing world
[See page 6](#)

5,363

5,363 contacts made with GSK compliance functions
81% were from employees seeking advice on our ethics policies and 19% were from employees reporting suspected cases of misconduct
[See page 8](#)

£22m

Donated life-saving antibiotics and other medicines worth £22 million (\$41 million) to support disaster relief efforts in 99 countries
[See page 14](#)

155m

Donated 155 million albendazole treatments as part of our programme to help eliminate lymphatic filariasis, a disabling tropical disease, by 2020
Seven countries have now completed their five-year LF elimination programmes
[See page 14](#)



Ethics

All new sales and marketing staff in the US completed ethics training and over 9,000 existing staff received two hours of annual refresher training
[See page 8](#)



Report

Our 2005 CR Report was rated 17th out of the top 50 companies in the SustainAbility, United Nations Environment Programme and Standard & Poor's Global Reporters Survey

206m

Tablets of *Combivir* and *Eпивir* HIV/AIDS medicines supplied to developing countries
This includes 120 million tablets supplied by generic manufacturers licensed by GSK
[See page 4](#)

ARVs

Made our two new ARVs – *Kivexa* and *Telzir* – available at not-for-profit prices
[See page 4](#)

90%

Our Global Leadership Survey indicated that 90% of managers are proud to be part of GSK
[See page 10](#)

22%

Women accounted for 22% of senior managers and 36% of all employees in management grades, an increase from 2005
[See page 10](#)

1.1bn

Supplied 1.1 billion vaccine doses for prevention of serious diseases
75% of GSK vaccines were used in developing countries

£302m

Our community investment was valued at £302million (\$558 million), equivalent to 3.9% of pre-tax profits
[See page 14](#)

12,000

GSK's 12,000 managers certified their compliance with our code of conduct
[See page 8](#)



Every day we are involved in a race to find new medicines and vaccines to address unmet medical needs; to improve access to these new medicines for all patients regardless of their financial circumstances; and to meet the expectations of our many stakeholders. It's a race for **the human race**.

We believe that a healthcare company isn't sustainable if it is only concerned about the 20 percent of the world's population lucky enough to have the resources to pay for new treatments. Access to medicines is essential to our vision for GSK and our business strategy. Improving people's health is what drives us and what makes talented scientists want to work here.

Our commitment to the poorest countries is integral to this. These countries may not represent a viable commercial market for some new medicines but there is still a medical need for people to have medicines they cannot afford. Yet pure philanthropy is not the right solution either – the needs are too great.

We look for new ways to tackle these problems. GSK is involved in over ten public private partnership projects researching new medicines and vaccines for diseases disproportionately affecting developing countries, including HIV/AIDS, malaria and TB. We are also making key medicines and vaccines more accessible through discounted prices and have negotiated eight licences for third-party manufacturers to produce generic versions of our key HIV medicines.

As this Review shows, our efforts are starting to bear fruit. Preferential pricing and voluntary licences are helping to increase the supply of HIV/AIDS medicines to sub-Saharan Africa. In 2006, seven countries completed their five-year programmes to eliminate lymphatic filariasis using our albendazole treatment. We will continue donating our tablets until this disabling and incurable disease is completely wiped out.

Vaccines are another exciting area. In 2006, 75 percent of all the vaccine doses we produced were sold at preferential prices for immunisation campaigns in the developing world. These will save millions of lives. We expect to launch our vaccine for cervical cancer in 2007. This disease affects women in all countries but has the greatest impact in the developing world where there are few screening programmes to catch early cases.

There is no room for complacency – much more effort is needed from all stakeholders to resolve the healthcare problems of developing countries. But we are proud of the contribution we are making.

We know that our efforts on access to medicines must be based on a solid foundation. Our industry is high profile and often the subject of criticism. Good medicines can make a big difference to quality and length of life for all of us and it is rightly expected that we should meet the highest standards of integrity in all aspects of our work.

This Review gives a snapshot of our approach to embedding an ethical culture across GSK. This includes applying the highest standards of behaviour and transparency in our R&D and promotion of medicines, treating our people well, and minimising the impact of our business on the environment. We also need to play our part in tackling major global issues such as climate change.

We value the input of our stakeholders and would welcome your views on this Review or any aspects of corporate responsibility at GSK.

Sir Christopher Gent
Chairman

JP Garnier
Chief Executive Officer

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What do you think?

We welcome your feedback on any of the information contained in this Review.

Please contact us at:

csr.contact@gsk.com

Q&A

Duncan Learmouth was appointed Senior Vice President, Corporate Communications and Community Partnerships in 2006. Here he sets out his vision for CR at GSK. The complete Q&A is available in our full CR Report at www.gsk.com/responsibility.

What is your vision for CR at GSK?

There are three elements. We want to achieve high standards of behaviour in everything that we do, in all parts of the company. And we want to be known for that. We've adopted the theme 'performance with integrity' which has been very successful in engaging our employees. Secondly, we need to bring the outside world into our decision making. Only through a full understanding of stakeholder views will we make the best decisions. The third element is our desire to be a real member of the local community everywhere that we operate. That includes playing our part in the wider global community by contributing to better healthcare.

Where do you think GSK is doing well?

We are very engaged on issues of the developing world – and in my experience this is quite unusual for a public company. I believe that we lead our industry on R&D for neglected diseases, preferential pricing and voluntary licensing and are well ahead of most other sectors. We take a long-term approach and our programmes involve a high degree of partnership and dialogue with NGOs, governments, and organisations such as the World Health Organisation and the Gates Foundation.

Where should GSK be doing more?

Sales and marketing practices are always a hot topic for the pharmaceutical industry. We need to ensure that we keep up with public and regulatory expectations of how we market our products, and ensure GSK policies meet or exceed these changing expectations. However, being the first to change commercial practices runs the risk of reducing our competitiveness, so we must also be proactive in encouraging others in our industry to follow suit.

What is the biggest challenge?

The most difficult task is finding a balance between the needs of different stakeholders. Our investors are concerned primarily with profit. CR is important to them because it affects the long-term success of the company but the next quarter's earnings are often a more pressing priority. On the other hand, NGOs and others in society would like us to be more concerned with solving society's healthcare problems.

Are GSK's programmes for the developing world philanthropy or are they part of your business?

There's no doubt that they are part of the business. The need for our medicines will not go away so we need to make sure that our programmes are sustainable, and the best way to do this is make sure they are part of our day-to-day business. A great example of this is our long-term commitment to providing not-for-profit HIV medicines in the world's poorest countries. There is also such immense stakeholder pressure on this subject that it would be impossible to turn a blind eye. But it's not just about responding to pressure from the outside. Our 100,000 employees want to work for a company that is addressing these challenges. We have a duty to use our scientific know-how and human capital to make a difference where we can – it's essential to our own sense of integrity.

Why haven't you reduced the price of your products in all markets?

To be a sustainable business we have to make an adequate return or we won't be able to discover new medicines. We're under immense pressure from competitors and investors. Nevertheless we are looking at the issue of pricing beyond the world's poorest countries.

Are you researching new medicines that are really needed or just looking for 'me-too' drugs?

In many cases the drugs that are really needed will be the most profitable because that's where the demand is. New drugs for cancer or Alzheimer's will be meeting a huge unmet medical need and will be profitable too. The problem is that these diseases tend to present extreme scientific challenges and require novel scientific approaches which carry a greater risk of failure. Diseases of the developing world present a different problem – there is great need but no viable commercial market for new products. We get round this problem by working through public private partnerships and are very active on R&D for neglected tropical diseases. I think the debate about me-too drugs has been taken too far. If a new drug enables patients to take fewer doses each day or reduces side effects then it may seem like only a small improvement but it can make a very big difference to the treatment outcome.

The pharmaceutical industry has been criticised for lack of transparency over clinical trial results. Are you doing anything to address this concern?

There is a perception that the pharmaceutical industry is less than transparent and I think this is partly because we haven't done a very good job of communicating the challenges we face. I believe that our online Clinical Trial Register has gone some way to addressing these concerns. But the communication of data from clinical trials is a tough area. Weighing up the balance of risks and benefits from a medicine is rarely straightforward. Data isn't black and white – it requires interpretation and judgement. This inevitably means that people will have different views and that our knowledge will change over time as new drugs are tested and used. So actually talking about medicines to doctors is not straightforward. This communication is very important but very challenging.

Is the pharmaceutical industry sustainable?

We have a 'contract with society' – in return for investing in new drugs we generally have around ten years of intellectual property protection on our products before generics can be made. R&D is uncertain and unpredictable so in some periods we are more successful at this than in others. But I believe that the basic model is still a good one because it fosters a high level of innovation. Of course there are challenges and the industry must continually look for ways to improve R&D productivity. We have a unique type of product that plays a very personal role in people's lives. Nowadays good health is seen as a right but it's also a business and for some people this is uncomfortable. Generally, though, I believe people accept the need for a trade-off – they may not like us making a profit from health but they accept it because it's the best way to encourage the discovery of new medicines.

Introduction

Welcome to GlaxoSmithKline's Corporate Responsibility Review 2006. This Review explains our approach to some of the key social, ethical and environmental issues associated with our business and gives an overview of our performance in 2006.

About GSK

We are a research-based pharmaceutical company. Our mission is to improve the quality of human life by enabling people to do more, feel better and live longer. Our business employs over 100,000 people in 116 countries. Our Consumer Healthcare business includes dental health products, over-the-counter medicines and nutritional drinks.

Why is CR important to GSK?

Corporate responsibility is about how we achieve our goals and implement our four business strategies. We aim to operate in a way that reflects our values and to connect business decisions to ethical, social and environmental concerns.

This helps us to achieve our business goals by:

- Improving our ability to attract, retain and motivate the best people
- Supporting our relationships with key stakeholders, including patients and consumers, doctors and governments
- Strengthening our risk management processes
- Protecting and enhancing our reputation and therefore trust in our products.

We believe that our business makes a valuable contribution to society by developing and marketing medicines which improve people's lives. However we know that the research, development, manufacture and sale of medicines raise ethical issues. We seek to minimise the negative impacts of our business and maximise the positive benefits of our products and operations. This CR Review and our full CR Report explain our approach.

Our full corporate responsibility report

This Review is intended to provide an overview of our key corporate responsibility issues. It is not a complete account of our performance in 2006.

Our full CR Report is available as a pdf on our website. This also includes information on how we apply our environmental, health and safety and human rights standards in our supply chain.

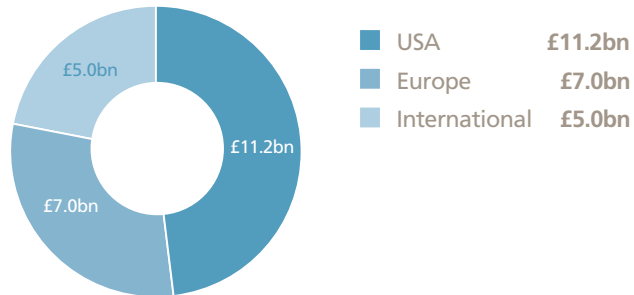
Further reading

Our Annual Report and Review – www.gsk.com/reportsandpublications.htm

Key statistics

(£ billion)	2006	2005	2004
Turnover			
Total	23.2	21.7	20.0
Pharmaceuticals	20.1	18.7	17.1
Consumer Healthcare	3.1	3.0	2.9
Profit before taxation	7.8	6.7	5.8

Turnover by location of customer 2006



Medicines

Our key pharmaceutical products target serious diseases including:

- Asthma and COPD
- Epilepsy, depression and diseases of the central nervous system
- HIV/AIDS, herpes and viral diseases
- Infections
- Diabetes
- Cancer
- Heart and cardiovascular diseases
- Urogenital diseases

Vaccines

GSK makes vaccines that protect against diseases including:

- Hepatitis A and B
- Diphtheria
- Influenza
- Polio
- Rotavirus
- Tetanus
- Typhoid
- Whooping cough

Consumer healthcare brands

Our brands include:

- Over-the-counter medicines (*Beechams, Nicorette/Niquitin, Panadol, Tums, Zovirax*)
- Dental health products (*Aquafresh, Macleans, Polident, Sensodyne*)
- Nutritional drinks (*Lucozade, Ribena*)

Access to medicines

Access to medicines is considered one of the most pressing corporate responsibility issues for the pharmaceutical industry.

Relevant GSK business strategies

- Improving access to medicines, both in the developed and developing world
- Delivering our product pipeline for patients
- Optimising the performance of key products
- Being the best place for the best people to do their best work

Headlines from our CR Report

R&D

- 14 clinical R&D programmes for medicines and vaccines against nine diseases particularly relevant to the developing world
- Launched clinical trials of our malaria vaccine for children in Mozambique, Kenya, Tanzania, Gabon and Ghana

Preferential pricing

- Supplied 86 million tablets of our preferentially priced ARVs (anti-retroviral medicines) to developing countries. 120 million ARV generic tablets were supplied by companies licensed by GSK
- Reduced by 30% the not-for-profit price of abacavir-containing ARVs (abacavir is now recommended by the WHO as a first-line treatment option)
- Made our two new ARVs (*Kivexa* and *Telzir*) available at not-for-profit prices

Voluntary licensing

- Agreed the eighth licence for companies to produce generic versions of our HIV/AIDS medicines

Developed and middle-income countries

- Announced an agreement to supply ARVs to the Russian government at discounted prices
- 402,000 patients received GSK medicines worth \$370 million through our Patient Assistance Programs in the US

Millions of poor people around the world struggle to get the medicines they need, which can have devastating consequences for the individual and their family, as well as hindering economic and social development. Tackling the AIDS pandemic is one of the greatest challenges the world faces.

We are in a position to make a major contribution to the world's health – but we have to do this in a sustainable manner to reflect the long-term nature of the challenge and without undermining our ability to generate returns for our shareholders.

We look for innovative ways to increase access to medicines. For the developing world this includes dedicated research, special prices, licensing generic manufacturers and community investment. We also operate Patient Assistance Programs to help uninsured patients in the US.

Here we outline just two elements of our programme. Much more detail is provided in our full CR Report on our website.

Research into neglected diseases

R&D is critically important for reducing the impact of diseases in developing countries. A few widespread and life-threatening diseases lack effective treatments, while for many others (such as malaria) existing treatments are becoming less effective due to drug resistance.

In the past, many infectious tropical diseases have not been a priority for the pharmaceutical industry because widespread poverty means there is no viable commercial market for new treatments. Public private partnerships (PPPs) are now helping to overcome this obstacle – and GSK is playing a key role.

One example is our malaria vaccine for children – currently undergoing clinical trials in Mozambique, Kenya, Tanzania, Gabon and Ghana. This research is supported by a \$21.4 million grant from the PATH Malaria Vaccine Initiative funded by the Bill & Melinda Gates Foundation. GSK has been working on a malaria vaccine for over two decades and the additional resource provided through PPPs is having a catalytic effect. If the results continue to be positive the vaccine could be submitted for regulatory approval as early as 2010.



In 2006 we also identified a new compound for development that may be effective against drug-resistant strains of malaria. Critically, this potential medicine does not show the toxicity that affected a previous candidate and we expect to begin trials in late 2007.

In TB research we are working with the Aeras Global TB Vaccine Foundation and have launched a joint drug discovery partnership with the Global Alliance for TB Drug Development (TB Alliance). The TB Alliance is supporting 25 full-time scientists at our Tres Cantos drug discovery site in Spain which is dedicated to diseases of the developing world. GSK is contributing a matching number of staff and all remaining overhead costs. Around 1.5 million compounds have now been tested for anti-TB activity and we have four pre-clinical TB projects underway. No new treatments have been discovered for TB in the last 40 years, which emphasises the importance of these partnerships.

All new medicines developed through PPPs are made available to the developing world at special prices.

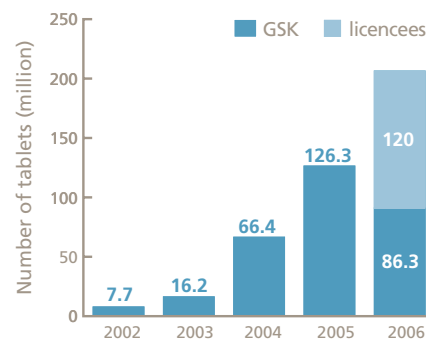
Making our HIV medicines more affordable

In total, including eligible Global Fund and PEPFAR projects, our HIV/AIDS and malaria treatments are offered at not-for-profit prices to eligible customers in over 100 countries.

This year we supplied 86 million *Combivir* and *EpiVir* tablets at not-for-profit prices to developing countries. This is 40 million less than in 2005 but there is a good reason. Over the last six years, GSK has negotiated eight voluntary licences so that other companies can produce generic versions of our ARVs for sale in sub-Saharan Africa. The decrease in our shipments was expected and is a positive indication that our licensing policy is working, as it is primarily due to more customers purchasing ARVs from generic manufacturers, including those licensed by GSK.

In 2006 our licencees supplied over 120 million tablets of generic GSK ARVs – bringing the total number (both GSK produced and generic versions from our licencees) to over 206 million.

Supply of preferentially priced *Combivir* and *EpiVir* tablets



Looking forward

Despite these successes the number of HIV-positive people in Africa who are receiving treatment is still far too low – estimates from UNAIDS show that it is around one million out of the 4.6 million people who require treatment.

The global community is planning a massive scale-up in treatment for HIV/AIDS over the next five years. We are currently negotiating agreements with contract manufacturers to ensure we have the capacity to meet this demand. We will continue to look for ways to improve our programmes and our not-for-profit prices.

Further reading

In our CR Report:

- More detail on our approach to access to medicines in the developing world
- Access to medicines in middle-income and developed countries
www.gsk.com/reportsandpublications.htm

In the background section of our website:

- Eligibility for our not-for-profit prices
www.gsk.com/responsibility/values-policies.htm

AIDS 25 years on

2006 saw the 25th anniversary of the discovery of AIDS. Although great progress has been made more must be done. GSK has been active in tackling AIDS since the 1980s:

1981 – The first documented cases of the disease we now call AIDS.

1987 – Burroughs Wellcome (a GSK legacy company) introduces the first antiretroviral (ARV), zidovudine (AZT).

1992 – GSK establishes Positive Action (see page15).

1994 – US Food and Drug Administration (FDA) approves GSK's *Retrovir* for the prevention of mother-to-child transmission of HIV.

1996 – Combination therapy involving a 'cocktail' of drugs promises longer AIDS-free survival.

1997 – FDA approves GSK's *Combivir*, the first product to combine two ARVs in a single tablet.

GSK is the first company to sell an ARV therapy at highly discounted prices to sub-Saharan Africa.

2000 – FDA approves GSK's *Trizivir*, the first combination of three ARVs in a single tablet.

2001 – 47 million people are infected with HIV, 26 million of these live in Africa. GSK grants its first voluntary licence for the manufacture of generic versions of our ARVs in Africa.

2007 – HIV infection is no longer a death sentence for people in the developed world, but the epidemic is increasing in Africa and Asia. There is no cure or vaccine for HIV. But GSK remains an industry leader in HIV/AIDS research, with several new treatments and potential vaccines in development.

Research and innovation

New medicines and vaccines have brought huge benefits to the health and quality of life of millions of people over the last 100 years. But continued R&D remains as important as ever. There are still many serious, debilitating and life threatening illnesses for which there are no effective treatments or where treatments could be significantly improved.

Relevant GSK business strategy

- Improving access to medicines, both in the developed and developing world
- **Delivering our product pipeline for patients**
- Optimising the performance of key products
- Being the best place for the best people to do their best work

Headlines from our CR Report

Research

- Invested £3.5 billion and employed over 15,000 people in R&D
- Filed for regulatory approval of a new medicine for the treatment of advanced breast cancer and a new vaccine for prevention of cervical cancer
- Began clinical trials of two new flu vaccines for use in preventing a flu pandemic
- Launched ECLIPSE, a non-drug study to improve understanding of chronic obstructive pulmonary disease, predicted to be the third leading cause of death worldwide by 2020

Animal research

- Ten GSK animal laboratories now independently accredited by the Association for the Accreditation and Assessment of Laboratory Animal Care, covering over 90% of animals used in GSK facilities
- Applied for regulatory approval to replace all primates used for safety testing of oral polio vaccines with genetically modified mice

Clinical trials

- Employees completed 14,988 training activities on Good Clinical Practice standards
- Summaries from 2,760 clinical trials now published on the GSK Clinical Trial Register (<http://ctr.gsk.co.uk/welcome.asp>)

The most important element of corporate responsibility for us is the contribution our products make to health. Our goal is to build the best research pipeline in our industry by developing new medicines and vaccines for unmet medical needs.

We have 158 potential medicines and vaccines in clinical development – including many for diseases disproportionately affecting developing countries (see page 4).

We know that biomedical and pharmaceutical research can raise ethical concerns, from the use of new technologies to the objective reporting of clinical trial results. The nature of our business makes it critically important that we meet high ethical and scientific standards in our work.

Here we explore how we make results of our clinical trials available, our approach to authorship of journal articles and our investment in research to improve patient safety. More details are provided in our full CR Report.

Clinical trials

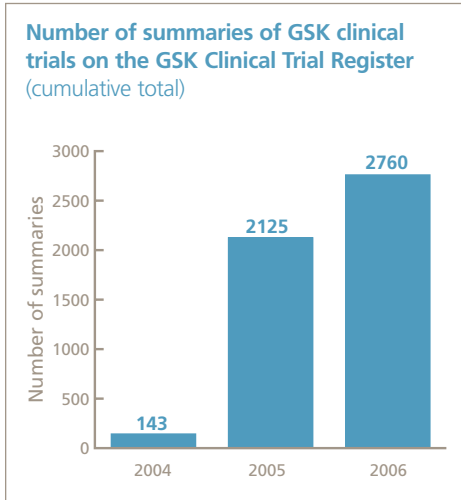
We make the results of our clinical trials widely available to healthcare practitioners and others who use or evaluate the use of our medicines, and we also publicly disclose information on ongoing trials.

Pharmaceutical companies are legally required to disclose all relevant data from clinical trials to the appropriate regulatory authorities when seeking approval for a new product.

In addition there is a need to use other ways to appropriately communicate the results of our clinical trials. GSK follows the PhRMA Principles on the Conduct of Clinical Trials and the Communication of Clinical Trial Results and is committed to timely communication of results for all products approved for marketing.

Wherever possible we publish our trial results in peer-reviewed scientific and medical journals, or in conference abstracts and proceedings. These are used by research and healthcare communities to obtain the latest information on treatments.

GSK cannot guarantee publication by these methods since this is at the discretion of journal editors and conference organisers. For this reason, we launched the GSK online Clinical Trial Register in 2004, to supplement prescribing information and publications in the scientific literature.



The Register contains results and protocol information from GSK-sponsored trials of marketed medicines. It also provides references to publications that have appeared in medical journals. Anyone can use the internet to access the register. At the end of 2006 we had published results from 2,760 trials.

We also post protocol summaries of all clinical trials, irrespective of the countries involved, to the US National Institutes of Health website, www.ClinicalTrials.gov.

Our approach to authorship of journal articles

There have been concerns about ghost writing of journal articles, where doctors put their names to articles written by pharmaceutical companies. GSK's policy is that:

- Authorship and acknowledgements for articles must be consistent with journal guidelines and be determined on the level of contribution to study design, data acquisition, analysis and interpretation, and writing or revising the manuscript.
- The named senior author for a paper must actively participate in the drafting process, lead the content development, and retain final approval authority for the manuscript.
- Any GSK staff or contractors who contribute to the development of manuscripts for external authors must be named in the article.

Patient safety

Monitoring, investigating and evaluating patient safety is critical, both during development of new compounds and after a new medicine or vaccine has been approved for use.

As well as implementing robust systems for monitoring and reporting side-effects from GSK medicines, we are investing in a number of areas of emerging science that have the potential to enhance patient safety. Pharmacogenetic research is one example.

Pharmacogenetics is the study of genetic variations that predispose individuals to respond differently to medicines. It is a research area with the potential to improve the effectiveness of medicines and patient safety, by identifying which patients are more likely to benefit from a medicine and which may be susceptible to side-effects

Pharmacogenetics relies on analysing the DNA of participants in clinical trials. We collect blood samples for potential DNA analysis in the majority of our Phase I, II and III drug development trials. Pharmacogenetic research always requires ethics committee reviews and approval, as well as informed patient consent.

Further reading

In our CR Report:

- Animal research
 - Our standards for clinical trials
 - Publication of trial results
 - Patient safety
- www.gsk.com/reportsandpublications.htm

In the background section of our website:

- Clinical trials in the developing world
 - Genetic research
 - Genetically modified animals
- www.gsk.com/responsibility/values-policies.htm

Our Clinical Trial Register:

<http://ctr.gsk.co.uk/welcome.asp>

Safer by design

Packaging design is not something that most people associate with patient safety. But in fact good design can save lives.

Every year 900,000 people in British hospitals are affected by errors with their medication and 1,200 of these will die as a result. It is estimated that one third of these errors are caused by confusion over packaging and labelling.

We are working with students at the Royal College of Art to develop a 'good design' toolkit for packaging. This highlights best practice in areas such as font size, colour contrasts, branding and hierarchies of information to help designers create easy-to-read packs that prevent incorrect administration or missed doses.

Clear packaging can make all the difference when a doctor in a high-pressured hospital environment needs to recognise quickly the right medicine, or a patient with poor vision needs to read the label on their medicine.

Good packaging also helps patients stick to their treatment regimens. GSK design teams are developing user-friendly medicine packaging that encourages patients to follow their medication programme properly and increases the likelihood of successful treatment.

For example, patients taking *Requip*, GSK's treatment for restless legs syndrome, need to take three different strengths of tablet over a 14-day treatment programme. To help patients differentiate between the three tablets our designers have developed *Requip RLS Dosepak*, which uses colour-coded tablets on a single blister card and clear pictorial instructions. Other new approaches we are testing include an electronic reminder cap which lights up when a tablet should be taken.

Ethical conduct

Patients, consumers, doctors and governments want to use medicines from companies that they trust. Our ethics policies require all GSK employees to meet the highest standards of ethical and legal compliance in their work.

Relevant GSK business strategies

- Improving access to medicines, both in the developed and developing world
- Delivering our product pipeline for patients
- **Optimising the performance of key products**
- **Being the best place for the best people to do their best work**

Headlines from our CR Report

Training and certification

- GSK's 12,000 managers completed self-certification confirming that they comply with our Code of Conduct
- All new sales and marketing staff in the US completed ethics training and over 9,000 existing staff received two hours of annual refresher training
- Developed a Strategic Tracking, Analysis & Reporting (STAR) system to make it easier for senior managers to identify instances of non-compliance

Compliance

- 5,363 contacts made with GSK compliance functions of which 81% were from employees seeking advice or information and 19% were from employees reporting suspected cases of misconduct
- Strengthened our policy on Grants for Independent Medical Education – the US grants department now reports through our compliance department
- 381 employees were found to have breached our sales and marketing codes, resulting in 49 dismissals or separations from the company.

Embedding ethical behaviour needs a combination of clear systems (policies, training and monitoring) and an unambiguous corporate culture, in which it is understood that everyone is required to behave with honesty and integrity.

Here we explore a few aspects of ethics at GSK including our standards for marketing practices. Much more detail is provided in our full report.

Marketing ethics

Our specialist sales representatives meet regularly with doctors and pharmacists to inform them about our medicines and their approved uses.

We believe that sales representatives play an important role in providing up-to-date information to doctors on our products and their benefits to patients. However, we know that some people are concerned that marketing by pharmaceutical companies exerts undue influence on doctors, that sales representatives do not always give doctors full information about a product's risks or that promotion for unapproved uses may occur despite increased training and monitoring.

In the past few years we have revised and strengthened our commercial policies in a number of areas and have extended our training for sales and marketing teams. Some sales practices that were commonplace five or ten years ago in our industry are now prohibited. Hospitality may only be provided for healthcare professionals when the meeting has an educational purpose, and cannot be provided to spouses, children, office personnel, or any other guests. Another example is that in the US sales representatives cannot give practice-related gifts to healthcare professionals where the value exceeds \$10 (less than £6).

We have also strengthened our compliance systems and appointed a network of compliance officers. We are now supporting efforts to strengthen marketing standards across the pharmaceutical industry. In 2006 GSK played a key role in revising and strengthening the Codes of Marketing Practices for the International Federation of Pharmaceutical Manufacturers Association (IFPMA) and the European Federation of Pharmaceutical Industries Associations. We are a member of IFPMA's newly formed Code Compliance Network that will support implementation of the standards through training and education.



Manager's certification

Every year all GSK managers are required to certify their compliance with the following statement:

I have read, understood and shall comply fully with the policies and procedures specified in the Learning Activity:

- I understand that GSK is committed to the principle of performance with integrity, and in particular, to ensuring that its activities comply with all applicable laws.
- I have received a copy of or have access to the GSK Code of Conduct (POL-GSK-001) and other GSK corporate policies through the Corporate Policy Index page accessible on the Corporate Ethics & Compliance Community.
- I have read and understand The Employee Guide to Business Conduct, accessible on the Corporate Ethics & Compliance Community.
- I have complied with applicable laws, regulations, and GSK corporate and local policies and procedures.
- All people under my supervision have received copies of or have access to the GSK Code of Conduct and other applicable GSK policies and have been informed of their responsibilities.
- I have put in place appropriate measures to ensure that the people under my supervision comply with applicable laws, regulations, and GSK corporate and local policies and procedures while working on behalf of GSK.
- I understand my responsibility to report promptly any actual or suspected violations of the law, regulations, or GSK corporate and local policies and procedures.
- I have reported all actual or potential compliance issues of which I am aware concerning legal requirements or company policies.

We are also supporting many efforts at country level, for example:

- Greece – we are leading the industry body working group set up to improve the local code of practice.
- Korea – we led efforts to improve the Korean Research-based Pharmaceutical Industry Association's Code of Conduct and to have this endorsed by the Korea Fair Trade Commission.

- Sri Lanka – we led efforts to create the first marketing code for the Sri Lanka Chamber of the Pharmaceutical Industry based on the IFPMA Code.

Reporting channels

Employees are encouraged to seek help and to report any concerns or suspected cases of misconduct. They can do this through their line management, our network of compliance officers, or through our confidential Integrity Helplines or, in the US, our offsite post office box.

Reporting channels are promoted through our Employee Guide to Business Conduct, on the GSK intranet and during training.

In 2006 there were:

- 5,363 contacts with the compliance functions. This is an increase from 3,644 in 2005, and 2,593 in 2004.
- Of these, 81% were from employees seeking advice or information; 19% were from employees reporting suspected cases of misconduct.

We believe that the increase in contacts with our compliance functions is due to our efforts to promote high standards of ethical behaviour and to raise awareness of our Integrity Helpline as a compliance resource.

Further reading

In our CR Report:

- Our policy on direct-to-consumer advertising.
- Ethical training and awareness programmes
- Ethical issues in R&D
- Our relationships with governments and patient groups
www.gsk.com/reportsandpublications.htm

In the background section of our website:

- More background information on our ethics policies
- Our Code of Conduct
- Our European marketing code of practice
www.gsk.com/responsibility/values-policies.htm

Ethics training in practice

Ethics training is designed to help employees apply our policies in real life situations and make the right decisions in their work.

For example, employees are encouraged to ask themselves the following questions before making a decision:

- Would I be embarrassed if my friends or family knew what decision I have made?
- How would my decision look to a cynic?
- What could the newspaper headline look like?
- Am I still confident that this is the right decision for GSK?

During training, employees explore ethical dilemmas they may face in their work and receive guidance to help them understand the appropriate response. This is one example from a recent training session:

Scenario: you are at a trade conference and put your business card in a prize draw. You win the grand prize, which is a set of golf clubs worth £1,000. You enjoy golf and would like a new set of clubs. The draw is sponsored by an exhibitor with whom GSK does business. Should you keep the clubs?

Guidance: taking into account the GSK policy, Acceptance of Entertainment and Gifts by GSK Employees, the clubs must not be accepted and it would be better not to put your business card in the draw.

Employment

GSK employs over 100,000 people in 116 countries. Our goal 'to be the best place for the best people to do their best work' is central to our business strategy and underpins our success.

Relevant GSK business strategy

- Improving access to medicines, both in the developed and developing world
- Delivering our product pipeline for patients
- Optimising the performance of key products
- **Being the best place for the best people to do their best work**

Headlines from our CR Report

Employees

- In our Global Leadership Survey 85% of managers expressed overall satisfaction with GSK. This is the highest percentage of managers for any company that conducted the survey
- Work-related mental ill health down by 57% since 2002
- 638,000 training programmes were completed via our myLearning intranet site

Diversity

- Women accounted for 22% of senior managers and 36% of all managers – up from 20% and 34% in 2002
- In the US minorities made up 19.8% of our workforce. In the UK ethnic minorities accounted for 18.3% of employees

Health and safety

- Two contract employees died due to an explosion caused by a ruptured butane cylinder used for cooking at the Agbara, Nigeria, consumer healthcare factory, and one sales employee in India died after a motorbike accident
- Over 20,000 employees from 63 sites in 38 countries took part in our Health and Safety Week
- At 74 sites in 38 countries, there were no lost-time injuries or illnesses during the year

Targets

- Target set to reduce reportable injury and illness by 5% a year from 2007
- Objectives set to improve process safety, chemical exposures and ergonomics

Our people are our greatest source of competitive advantage. Their skills and intellect are essential to us discovering and delivering the best new medicines and vaccines. Competitive reward is important but not the only factor that influences our ability to recruit and retain talented employees. Our approach to issues such as diversity and inclusion, training and development and health, safety and wellbeing are also extremely important.

Here we outline just three elements of our approach to employment – more detail is available in our CR Report.

Employee feedback

We measure implementation of GSK's culture and the effectiveness of our employment policies through regular employee surveys.

In 2006, over 10,000 GSK managers took part in our Global Leadership Survey (a 78 percent response rate). The survey tracked their views against our previous two surveys and against findings from other global companies through a cross-company database. This database includes 42 top-ranked companies from several industries including pharmaceuticals, automotive, banking, energy, and IT.

It indicated that managers in GSK are more satisfied with their company than managers in any of the other companies that took part.

Survey results are reviewed by our Corporate Executive Team which has identified two key areas of focus: reducing unnecessary bureaucracy and increasing leadership visibility – a drive for managers to spend more time with their teams. Each business unit and function has developed an action plan to address these and other areas for improvement.

Resilience

We use the term 'resilience' to describe the skills and behaviours employees need to be successful in a highly pressured environment. Resilient employees can manage work and home demands effectively and minimise the adverse health effects of stress.

Most GSK sites have time management and health awareness programmes, and flexible working options, to help employees achieve a good work-life balance.

We have also developed a Team Resilience programme to help employees manage their work and avoid excessive pressure which can lead to stress. Teams work together to identify the sources

Results from our Global Leadership Survey				
	Industry benchmark 2006 % Favourable	GSK 2006	GSK 2004	GSK 2002
Overall satisfaction with GSK	65	85	73	67
People in my department show commitment to performance with integrity	N/A	91	91	88
I am proud to be part of GSK	84	90	83	78
People in my department are committed and enabled to make meaningful contributions	N/A	84	82	76
I can report unethical practices without fear of reprisal	68	82	76	70
The amount of work I am expected to do is about right	53	42	45	42
GSK is a company where great people can do their best work	N/A	62	52	46
I am satisfied with the recognition I receive for doing a good job	54	59	57	56
Sufficient effort is made to get the opinions and thinking of people who work here	55	65	59	51
Leaders in my department act as teachers, coaches and champions of development	N/A	60	59	54
I receive ongoing feedback that helps me improve my performance	54	61	61	57

of pressure that can affect performance and health and to assess the extent of stress the team is under. Team members then consider the issues that are creating excessive pressures and how they can be managed more effectively. The objective is not to avoid any pressure – which can help to achieve high performance – but to avoid work becoming so challenging that people become strained or overwhelmed.

By the end of 2006 more than 12,000 people from over 1,000 teams have gone through the programme. The results show significant improvements. In the first two years of the programme:

- Reported pressure due to work/life conflicts fell by 25%
- Participating staff satisfaction increased by 21%
- 14% increase in willingness among staff to experiment with new work practices
- Teams that have taken the programme for a second time are showing improvement in the seven sources of pressure of between 30% and 70%

Diversity and inclusion

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.

Gender diversity

In 2006 women accounted for 22 percent of senior managers and 36 percent of all employees in management grades, compared with 20 percent and 34 percent four years ago. This positive trend of increased female representation in management reflects the impact of GSK's diversity and inclusion strategy across the businesses and shows the effect of our flexible working policies in attracting and retaining women.

Ethnic diversity

In the US, minorities (defined as Blacks, Hispanics, Asians, Pacific Islanders, American Indians, and Alaskan natives) made up 19.8 percent of our workforce (compared with 19.6 percent in 2005 and 19.5 percent in 2004).

In the UK, ethnic minorities, as defined by the UK Commission for Racial Equality, accounted for 18.3 percent of employees (compared with 16.8 percent in 2005 and 15.5 percent in 2004).

Further reading

In our CR Report:

- Diversity and inclusion
 - Training and development
 - Internal communication
 - Employee human rights
 - Supply chain human rights
- www.gsk.com/reportsandpublications.htm

In the background section of our website:

- GSK Spirit and culture
- www.gsk.com/responsibility/values-policies.htm



H&S communications campaign

GSK Biologicals in Belgium created a communications campaign which improved safety by influencing employees' behaviour and attitudes.

The campaign used a series of cartoon posters to highlight risks and project positive safety messages in a simple and striking way. Each poster depicted a real-life situation that staff could immediately identify with from their own day-to-day work.

The year-long campaign focused on 12 subjects. Some were selected based on the accident record over the previous two years, such as use of protective clothing and equipment. Others covered general aspects of health such as smoking and alcohol. Each one was the focus of a short campaign lasting only one to two months to make sure that the message reached all employees several times but did not become tired and stale.

Posters were the key element but each campaign began with a "teaser" such as a banner or life-sized model in a key site location. The posters were supported by other material such as stickers on washroom mirrors and table mats which included a quiz for employees.

The campaign has helped the sites continue to improve their safety record – accidents causing time away from work have fallen by two-thirds in five years.

Environment

Our business has the potential for significant impact on the environment, through the energy, water and resources that we use, and the waste we produce.

Relevant GSK business strategies

- Improving access to medicines, both in the developed and developing world
- Delivering our product pipeline for patients
- **Optimising the performance of key products**
- **Being the best place for the best people to do their best work**

Headlines from our CR Report

Energy and water

- Used 19 million gigajoules of energy, 8.1% less than in 2005 per £ of sales
- Participated in the UK and EU emissions trading schemes
- Used almost 22 million cubic metres of water, 1.5% more than in 2005 but 5.3% less per £ of sales

Waste and emissions

- CO₂ emissions from transport were approximately 340 million kg
- Disposed of 67 million kg of hazardous waste. This was 5.5% more by weight than in 2005 but 1.6% less per £ of sales.
- Disposed of more than 37 million kg of non-hazardous waste, a reduction of 15% per £ of sales.
- Cut emissions of volatile organic compounds (VOCs) to 4 million kg, a reduction of more than 22% per £ of sales
- Generated over 10 million cubic metres of waste water in 2006, 6.4% less than 2005

Targets and plan

- Extended our Environment, Health and Safety Plan for Excellence to 2015, after extensive consultation.
- Set new five year targets for improved environmental performance
- Worked with pharmaceutical companies, universities and regulators to assess the impacts of pharmaceuticals in the environment.
- Agreed an energy strategy which includes commitments to reduce our reliance on fossil fuels and evaluate the use of renewable energy

We work to reduce our impacts and address broader sustainability issues such as product stewardship, resource use, and material and energy efficiency. We also need to play our part in addressing global challenges such as climate change.

Our Environment Health and Safety (EHS) vision is to achieve sustainable competitive business advantage through leadership and excellence in environment, health and safety.

Our EHS Stakeholder Panel in the UK allows experts from across GSK to meet external stakeholders and discuss emerging issues. It provides a valuable perspective on our EHS performance. We plan to extend our stakeholder engagement activities to the US, Europe and beyond over the next few years, beginning in the US in 2007.

Here we describe just a few elements of our environmental work. More details and performance data are provided on our website.

Carbon trading

We aim to reduce our energy use and CO₂ emissions by improving energy efficiency and using energy from renewable sources.

A number of our sites in the UK also participate in the UK government's emissions trading scheme (ETS). This is a voluntary scheme which rewards companies with lower energy taxes if they improve energy efficiency. Sites that keep emissions below an agreed target can 'bank' the spare credits to help them comply with limits in subsequent years, or they can sell the credits to other participants at a profit. In 2006 all GSK sites complied with their Climate Change Agreements.

Sixteen GSK sites are also covered by the European Union emissions trading scheme which came into force at the start of 2005.

In 2006, we used 19 million gigajoules of energy, approximately 1.4 percent less than in 2005. Energy consumption per £ sales was 8.1 percent lower than in 2005.

Metered dose inhalers

The ozone layer is essential to human survival because it filters out harmful ultra-violet rays from the sun. It has been damaged by ozone depleting substances (ODS), mainly chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs) and halons.



Traditionally, CFCs were used as propellants in metered dose inhalers (MDIs) – the devices used to deliver doses of medication to asthma sufferers. CFCs are ideal for this role because they are non-toxic, non-reactive, non-flammable, and have no odour or taste. However when a patient uses the MDI, the propellant is released into the atmosphere contributing to the depletion of the ozone layer. The Montreal Protocol bans the production of CFCs but exempts a number of ‘essential uses’ which include MDIs. Nevertheless we plan to eliminate the use of CFCs from our products by 2010.

We have stopped using CFCs in the US and the European Union and now offer a selection of alternatives to ODS-containing inhalers in most countries. The main alternative propellant we use is HFC 134a for MDIs. We have also invested heavily in dry powder delivery systems that do not use CFCs or HFCs. We will continue to use CFC MDIs in India, Bangladesh, China, Pakistan and Latin America until 2010.

In 2006, 186 thousand kilograms of CFC propellant were released when patients used our products. Ozone depletion potential from patient use of MDIs in the US and European Union was 52 percent lower than in 2005.

Improving material efficiency

We aim to improve the efficiency with which we convert raw materials to finished product. This will help us to reduce our consumption of resources, the waste we generate and the cost of production.

Pharmaceutical processes are typically very complex, often requiring relatively large amounts of solvent. Typically, the industry uses about 100 kilograms of raw material for every kilogram of pharmaceutical ingredient produced. In other words, 99 percent of raw materials are wasted. It represents a waste of valuable resources, with financial as well as environmental consequences.

We have set a target to double the average material efficiency of manufacturing processes for new products introduced between 2006 and 2010. We are already making dramatic improvements, as the case study demonstrates.

The EHS Plan for Excellence

We established our EHS Plan for Excellence in 2001. This sets out our aspirations and includes specific, measurable targets for reducing our environmental impact in key areas.

In 2006 we reviewed and updated the plan, and set new five year targets. The new plan includes renewed focus on fundamental environmental programmes, a commitment to transparent communication and strengthens our focus on environmental sustainability through operational efficiency. As well as focusing on regulatory compliance and risk management we will also look for ways that our EHS programmes can add value to our business and create new opportunities. For example, we want to move from cleaning up hazardous waste to choosing processes that produce less hazardous waste.

Our new targets commit us to achieving annual reductions per £ of sales as follows:

Energy use	1%
Solid waste	1%
Air emissions (volatile organic emissions)	2%
Water use	2%
Waste water (chemical oxygen demand)	3%

We aim to eliminate completely ozone depleting substances by 2010 and achieve an average 2 percent materials efficiency in manufacturing processes for new products introduced between 2006 and 2010.

Further reading

In our CR Report:

- Environmental management
 - Materials efficiency
 - Product stewardship
 - Environmental performance in 2006
 - Supply chain
- www.gsk.com/reportsandpublications.htm

In the background section of our website:

- EHS management framework
 - Environmental issues
 - Position papers on:
 - Energy
 - Hazardous chemical management
 - Pharmaceuticals in the environment
- www.gsk.com/responsibility/values-policies.htm

Improving a manufacturing process – moving towards sustainability

A research and development team at Stevenage, UK worked with our Cork, Ireland site to achieve substantial environmental benefits by developing a simplified process for manufacturing dutasteride, a treatment for benign prostatic hyperplasia. The project moved from conception to commercial scale in a little over a year and will continue to deliver benefits to at least 2015.

The new process:

- Improved the material efficiency from 1% to 3.7%, saving up to £5.7 million/year
- Saves energy – the chemical reaction now requires only four hours at 86°C compared to 22 hours at 100°C previously
- Vastly reduces the use of solvent and therefore waste – a 70% reduction in waste, which avoids up to 80 tonnes of waste per annum
- Is more robust than the previous process, resulting in less waste through failed batches
- Reduces exposure of employees to hazardous materials

Working with communities

We donate money, medicines and expertise to help under-served communities around the world. The focus of this investment is on programmes that are relevant to our business and the skills of our people - improving healthcare and education.

Relevant GSK business strategies

- **Improving access to medicines, both in the developed and developing world**
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- Optimising the performance of key products
- **Being the best place for the best people to do their best work**

Headlines from our CR Report

Community investment

- Donated £302 million (\$558 million), equivalent to 3.9% of pre-tax profits
- In February 2007 we received the Excellence in Corporate Philanthropy Award from the US based Committee Encouraging Corporate Philanthropy
- Listed sixth in the UK's Guardian Giving List as % of profit. GSK was the biggest overall giver for the fifth year in a row

Product donations

- Donated 155 million albendazole treatments worth £16 million (\$29 million) to help eliminate lymphatic filariasis, a disabling tropical disease
- Donated life-saving antibiotics and other medicines worth £22 million (\$41 million) to support disaster relief efforts in 99 countries

Public health initiatives

- Committed £1 million (\$1.9 million) over three years to integrate HIV and AIDS treatment into general healthcare clinics in Kenya
- Supported Freedom from Hunger's Reach India project which aims to tackle cultural and social factors that expose women in rural India to HIV
- Extended PHASE, our handwashing and sanitation programme to Mexico and Tajikistan

Science education

- Launched a new programme to improve science teaching in the UK through the use of interactive puppets in the classroom

We make donations at group level to support disease prevention and increase healthcare capacity in developing countries, and at individual site level to support local communities. Our objective is to ensure that projects are sustainable in the long term.

Here we outline four of our major programmes aimed at improving healthcare and disease prevention in developing countries. Details on many of our other community investments are provided in our full CR Report on our website.

Value of our investment

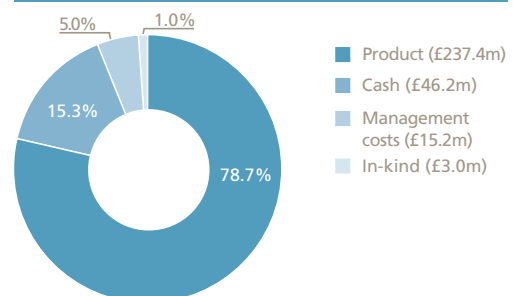
In 2006, GSK donations were valued at £302 million (\$558 million) compared to £380 million (\$691 million) in 2005. This is equivalent to 3.9 percent of pre-tax profits, compared with 5.6 percent in 2005.

This figure includes medicines worth £200 million (\$370 million) donated to low income patients in the US through Patient Assistance Programs. The value of this declined in 2006 due to the new Medicare prescription drug benefit.

GSK is a member of the UK's Percent Club for companies which donate at least 1 percent of their pre-tax profits to charitable causes. GSK was listed sixth in the UK's Guardian Giving List which lists FTSE 100 companies by the percentage of pre-tax profits contributed to charitable causes. This was based on our donations reported in 2005. For the fifth year in a row we were the biggest overall giver in the value of our donations.

We belong to the UK's London Benchmarking Group and the Committee Encouraging Corporate Philanthropy (CECP) in the US. We report our donations in line with CECP guidelines which value our medicines at wholesale acquisition cost, in common with other pharmaceutical companies. Wholesale acquisition cost is the wholesale list price, not including discounts.

Method of giving





Eliminating lymphatic filariasis (LF)

Over 15 percent of the world's population is at risk of infection with LF – a disfiguring disease prevalent in tropical countries. LF can lead to severe swelling of the arms, legs, breasts and genitals. It is one of the world's leading causes of permanent disability.

We are a founding partner in the Global Alliance to Eliminate LF (www.filaria.org) which aims to eliminate the disease by 2020. We have committed to provide as many doses of albendazole, our anti-parasitic drug used to prevent transmission of LF, as are needed. So far we have donated almost 600 million treatments and we expect to donate around six billion tablets in total.

Each country aiming to eliminate LF must treat all at-risk people with two drugs (albendazole and diethylcarbamazine or Mectizan®) once a year for at least five years. So far, Egypt, several Pacific Island countries, Sri Lanka, Zanzibar, Togo and Burkina Faso have completed five annual mass drug administrations. Now these countries are monitoring their populations and the impact of the programme on the disease. The data show that transmission of the disease has been stopped in most endemic areas of Egypt.

The LF programme promises to make a major contribution to health in tropical countries. We are committed to helping the Global Alliance overcome any obstacles to the programme's success. For example, one of the challenges will be the integration of LF programmes with interventions for other neglected tropical diseases which may involve co-administration of albendazole with other medicines.

Positive Action on HIV and AIDS

Tackling the AIDS pandemic requires more than effective medicines. Stigma and discrimination are major barriers which prevent many people from coming forward for testing or treatment.

Our Positive Action programme, set up in 1992, supports the communities most affected by HIV and AIDS. It aims to strengthen the capacity of community organisations providing prevention, education and healthcare services. One of the key goals is to reduce stigma and discrimination. During 2006, programmes were supported in 17 countries.

We recently extended Positive Action to Asia. Research suggests there will be a catastrophic AIDS epidemic in this region if disease prevention and treatment efforts do not improve. In partnership with the American Foundation for AIDS Research (amfAR), Positive Action is continuing to support TREAT Asia, a network of clinics, hospitals, research institutions and patient support organisations helping communities prepare for new treatment programmes. This includes community projects in China, Cambodia, Thailand and Vietnam and the creation of a regional advocacy network.

In India, Positive Action is supporting Freedom from Hunger's Reach India project which aims to tackle cultural and social factors that expose rural women to HIV. Reach India uses self help groups, a respected way for women to access information and support, to educate women about HIV and AIDS. It will reach 500,000 women and their three million family members in its first three years and will train local organisations in delivering education projects.

GSK's African Malaria Partnership

Our African Malaria Partnership has supported education and behaviour change programmes in eight African countries since 2003. However we believe that the scale of the malaria problem requires a different and broader response. We have made a three year grant of over £800,000 (\$1.5 million) for Mobilising for Malaria, an advocacy initiative aiming to generate greater awareness, political commitment and sustained funding to combat the disease. As part of this, National Coalitions Against Malaria have been launched in the UK, Belgium, France, Ethiopia and Cameroon. These coalitions bring together advocates and activists from the public sector, NGOs, the media, the private sector and the political, academic and scientific communities.

Further reading

In our CR Report:

- More detail on our community investment in 2006
- Our support for education in the UK and US
www.gsk.com/reportsandpublications.htm

Or on our community website –
www.gsk.com/community

Personal Hygiene And Sanitation Education (PHASE)

Every year more than two million people die of diarrhoea-related disease, mostly children in developing countries. Many of these deaths could have been easily prevented through better hand washing and sanitation.

Our PHASE project is helping to reduce diarrhoea-related disease by encouraging school children to wash their hands. We established PHASE in 1998 and since then have invested over £1.7 million (\$3.1 million) and reached approximately 375,000 children. PHASE operates in eight countries and is run in partnership with AMREF, Plan International and Save the Children, as well as Ministries of Health and Education.

The programme has had impressive results. For example, evaluation from a sample of PHASE schools in Nicaragua over a four year period indicated that the frequency of hand washing among pupils after using the toilet increased five-fold, while the proportion of children reporting diarrhoea in a two week period fell from over 40 percent to just 13 percent.

In 2007 we plan to launch PHASE in Kibera, Kenya, Africa's largest slum. This will be the first time PHASE has operated in an informal settlement, creating a model for improving children's health in one of the harshest urban communities.

Managing CR

Our Corporate Responsibility Statement and Principles define our approach to CR and provide guidance for employees on the standards we are committed to.

We have a Corporate Responsibility Committee (CRC) of non-executive board directors which provides high-level guidance on our approach to CR. The CEO and members of the corporate executive team are actively involved in CR and participate in the CRC meetings.

Management of significant business risks, including reputational and CR risks, is coordinated by the Risk Oversight and Compliance Council (ROCC).

Duncan Learmouth, Senior Vice President Corporate Communications and Community Partnerships, and Rupert Bondy, General Counsel, are our executive committee members with responsibility for CR and environment.

We believe that day-to-day management of CR is done most effectively within our business operations, where experts on all our CR issues work. We also have a small CR team that co-ordinates policy development, reporting and communication.

Assurance

The environment, health and safety sections of our report are externally verified by SGS UK Limited.

Stakeholder engagement

We believe it is important to engage with stakeholders. This helps us to identify material CR issues for our business, understand stakeholder views and expectations and build trust with key audiences. We also discuss our work and learn from stakeholders' expertise. GSK interacts with a wide range of stakeholders including:

- Patients
- Doctors
- Governments and regulators
- NGOs
- Multilateral organisations
- Employees
- Investors
- Local communities
- Suppliers
- The scientific and academic community

Most of this discussion takes place in the normal course of business. For example our scientists meet regularly with academics and researchers.

We are developing a more structured approach to stakeholder engagement to ensure we target our resources and integrate stakeholder feedback into our decision-making processes. We will focus in particular on stakeholders relevant to healthcare in the developing world.

GSK is included in the FTSE4Good Index and Dow Jones Sustainability Index.

Government and external affairs

GSK's external affairs teams monitor changes and proposed reforms to legislation and meet regularly with government officials to explain our views on a range of public policy issues. Lobbying on issues affecting the pharmaceutical industry is sometimes conducted through trade associations. We may also hire professional lobbyists to support this work.

Our public policy work is governed by our External Affairs Code of Conduct, and backed up by factual research and analysis.

We have additional policies governing our interactions with patient groups. We list all European patient groups receiving funding from GSK and the amount given to each group on GSK websites.

What do you think?

We welcome your feedback on any of the information contained in this Review. Please contact us at:

csr.contact@gsk.com

Corporate Responsibility
GlaxoSmithKline plc
980 Great West Road
Brentford
Middlesex TW8 9GS
United Kingdom

GSK's CR Committee



Sir Christopher Gent
(Chairman of CR Committee)



Sir Ian Prosser



Dr Daniel Podolsky



Tom de Swaan

Further reading

In our CR Report:

- SGS's assurance statement
- Engagement with socially responsible investors and analysts
- Political contributions, lobbying expenditure, membership of trade associations and public policy work in 2006
- Working with patient groups
www.gsk.com/reportsandpublications.htm

In the background section of our website:

- Corporate Responsibility Statement and Principles
- CR Committee members
- Position statements on key public policy issues
- Our principles for working with patient groups and details of GSK funding for patient groups in Europe in 2006
See www.gsk.com/responsibility/values-policies.htm

Data summary

	2002	2003	2004	2005	2006
Access to medicines					
Number of countries supplied with preferentially priced ARVs ¹	50	56	57	56	51
Number of preferentially priced <i>Combivir</i> and <i>Epivir</i> tablets shipped (millions) ¹	7.9	15.9	67.1	126.3	86.3
Number of generic ARVs supplied by GSK licencees (millions)	–	–	–	–	120
GSK <i>Combivir</i> not-for-profit price (\$ per day) ²		1.7	0.65	0.65	0.65
Voluntary licences granted to generic manufacturers for GSK ARVs (cumulative total)			6	7	8
Value of products donated through GSK Patient Assistance Program in the US (£ millions)	112	125	203	255	200
Research and development					
Expenditure on R&D (£ billions)	2.9	2.8	2.9	3.1	3.5
GSK animal research facilities accredited by the Association for Assessment and Accreditation of Laboratory Animal Care	7	7	10	10	10 ³
Number of trials published on the GSK Clinical Trial Register (cumulative total)	–	–	143	2,125	2,760 ⁴
Ethical conduct					
Number of managers completing certification to the GSK Code of Conduct	700	9,000	9,600	>12,000	>12,000
Number of contacts through our ethics compliance channels ⁵			2,580	3,644	5,363
Employment					
Women in management grades (%)	32	34	35	35	36
Ethnic diversity – minorities (US, %)	19	19.5	19.5	19.6	19.8
Ethnic diversity – ethnic minorities (UK, %)	–	–	15.5	16.8	18.3
Lost time injury and illness rate (cases per 100,000 hours worked)	0.34	0.30	0.30	0.30	0.33
Environment					
Number of contract manufacturers audited	16	28	35	41	36
Energy consumption (million gigajoules)	20	20	19	19	19
Water consumption (million cubic metres)	24	23	21	21	22
Ozone depletion potential from metered dose inhalers (tonnes CFC-11 equivalent) ⁶	1,500	782	464	273	186
Ozone depletion potential from production (tonnes CFC-11 equivalent)	121	72	59	51	23
Ozone depletion potential from refrigeration and other ancillary uses (tonnes CFC-11 equivalent)	7	3	3	3	1
Volatile organic compound emissions (thousand tonnes) ⁷	6	6	5	5	4
Global warming potential from energy sources (thousand tonnes CO ₂ equivalent) ⁷	1,734	1,750	1,666	1,693	1,666
Hazardous waste disposed (thousand tonnes) ⁷	58	56	69	63	67
Community investment					
Total community investment expenditure (£ millions)	239	338	328	380	302
Value of humanitarian product donations, including albendazole (£ millions)	24	116	57	41	38
Number of albendazole tablets donated for prevention of lymphatic filariasis (millions)	66	94	67	136	155

1. Includes ARVs sold at not-for-profit and discounted prices. We are unable to collect data for the number of patients treated.
2. Includes delivery costs. The Médecins Sans Frontières pricing report lists the average cost of generic equivalents.
3. This covers 91% of animals used in GSK facilities. In 2005 we had 14 animal research laboratories. In 2006 we closed a laboratory in Japan, acquired laboratories in Croatia and Canada, and established contracts to use laboratories in Singapore and the US, making a current total of 17 GSK laboratories where we use animals.
4. 98% of trials completed since the merger which created GSK.
5. Includes contacts with line managers, compliance officers, our confidential Integrity Helplines or offsite post office box (in the US).
6. 2002 to 2004 data do not include inhalers made in Asia.
7. We have changed the way we calculate these data and the previous years' data reflect this change. See full environmental report for details.

Trademarks

Brand names appearing in italics throughout this publication are trademarks either owned by and/or licensed to GSK or associated companies. Mectizan is a registered trademark of Merck & Co

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What would you like to know about GSK?
www.gsk.com

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 Being the best place for the best people to do their best work
 Running our business responsibly
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 Our work with communities
 Research & development
 Investors
 Media centre
 Careers



GlaxoSmithKline

Do more, feel better, live longer

Head Office and Registered Office

GlaxoSmithKline plc
 980 Great West Road
 Brentford, Middlesex TW8 9GS
 United Kingdom
 Tel: +44 (0)20 8047 5000
www.gsk.com

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