

# GSK Public policy positions

## Political Advocacy or “Lobbying”

### The Issue

As part of a heavily regulated industry, legislation and regulatory initiatives can have a profound effect on GSK’s business.

We believe it is entirely appropriate that our voice is one of those contributing to and shaping public policy in the interests of innovation, patients and public health. Indeed as a major multinational company we, along with other stakeholders such as NGOs, scientists, healthcare professionals, patients and industry groups, are often approached by governments to give our views.

We recognise concern that inappropriate political advocacy or ‘lobbying’ can result in undue influence, often to the detriment of public interest and balanced public policy. Appropriate values, backed by adoption of effective standards, that ensure ethical conduct and support transparency and accountability in decision-making, are therefore increasingly required to safeguard the integrity of the public policy process.

GSK is committed to ensuring that our political engagement is aligned with our values and with evolving legislation. This paper sets out the company’s approach to political advocacy or ‘lobbying’ activities. It covers our commitment to operating in a transparent and open way; our ban on political contributions; the standards we have in place to ensure our interactions with political audiences (including public policy groups<sup>i</sup>) are appropriate; and details of the senior management oversight in place. Our approach has been informed by the evolving expectations of external stakeholders, including reference to the OECD’s 2010 *Principles for Transparency and Integrity in Lobbying*<sup>ii</sup>.

### GSK’s Position

- GSK’s public policy activity seeks to advance a supportive environment that enables patients and consumers to benefit from value-adding medicines, vaccines and healthcare products. To this end, we aim to work in partnership with governments, payers, patients and other stakeholders on the development of legislative measures, policies and programmes that strike the right balance between encouraging innovation, allowing efficient management of healthcare expenditure and improving patient outcomes.
- GSK’s Values of integrity, respect, patient focus and transparency underpin all of our external engagements, including those with political and public policy stakeholders. This values-based approach extends to all third parties we work with and who we expect to operate in a manner consistent with our own ethics and policies.
- GSK does not make corporate political contributions, nor do we sponsor political meetings anywhere around the world.
- We place a premium on being transparent about how we conduct our political advocacy. Key elements of this approach include publishing on gsk.com:
  - detailed positions on over 40 public policy issues
  - our US Federal and EU lobbying expenditure.
  - our approach to selecting and working with public policy groups
  - details of GSK memberships of key pharmaceutical, vaccine and consumer product Trade Associations.
- GSK’s work with political audiences and public policy groups is a priority for the company’s Corporate Executive Team which is accountable for ensuring our interactions with political stakeholders are conducted appropriately, ethically and transparently. Oversight of our political advocacy work is provided at Board level by GSK’s Corporate Responsibility Committee.

- We have strong internal controls, including written standards and training (key elements of which are mandatory for all employees) that set out the standards expected of any employees interacting with external stakeholders, including political audiences.
- A dedicated and independent audit team assesses this internal control framework to ensure we comply with, and maintain, our ethical standards. In parallel with this, a Global Ethics and Compliance Team advises business on the practical implementation of these controls; and a separate Corporate Investigations Team manages investigations into alleged breaches of the framework. GSK will take appropriate action in response to any breaches of our internal controls, up to and including dismissing employees found in violation of them.
- Our internal controls are supplemented with development and capability training designed specifically for those engaged in political advocacy and public policy work.

## Background

### Responsibilities

The vast majority of GSK's public policy activity, including interactions with governments, is conducted by in-house personnel. The General Manager and the Communications and Government Affairs function are typically responsible for overseeing and undertaking this work. GSK uses public affairs consultancies primarily simply to monitor external political developments and for advice with shaping our external advocacy strategy. External consultants may on rare occasions join GSK representatives in meetings and/or interactions with stakeholders and government officials. They cannot represent GSK on their own unless there is a strong rationale in which case they must disclose that they are there on behalf of GSK. Under all circumstances external consultants are governed by GSK rules and policies, as well as subject to the due diligence, contracting and monitoring checks conducted under our third-party management frameworks (*see below*).

### Political Expenditure

Financial controls and thresholds aligned with management seniority, including line-manager oversight of any expenditure on public policy activities by GSK staff, are in place across the company. The effectiveness of these controls is regularly monitored to ensure that all expenditure, including payments to approved third parties, follows appropriate due diligence and background checks and is in line with formal agreements. In this way, GSK aims to ensure that no unauthorized or inappropriate payments, contributions or sponsorships are made.

Speak-up channels are in place to ensure employees and third parties are able to share any concerns around behaviours, conflicts of interest, or potential instances of non-compliance with GSK values and standards, including inappropriate expenditure, allowing for a prompt response to identified problems. This includes a confidential line for reporting and controls aimed at protecting those that speak-up.

### Political Contributions

GSK does not make corporate [political contributions](#), nor do we sponsor political meetings anywhere around the world. Our approach includes a ban on any contributions to candidates for State office in the US, even though they are allowed under US law.

Political contributions are defined as any gift, subscription, loan, advance or deposit of money or *anything of value* made for the purpose of influencing any election for office or any period in office. They include in-kind contributions (goods, commodities or services instead of money).

Contributions by GSK's US *Political Action Committee* (PAC) are unaffected by this policy. A PAC is a corporate or labour-based political committee that solicits voluntary contributions from employees and shareholders for a separate segregated fund. The fund is managed by a Board of 20 employees from GSK's US operating company and makes contributions or expenditures in connection with Federal elections. The operations of the GSK PAC are reviewed periodically to ensure compliance with applicable laws. GSK PAC's disclosure reports can be viewed at [www.fec.gov](http://www.fec.gov).

### A Commitment to Transparency

Transparency is one of GSK's four core Values. Examples of our commitment in this area include disclosing clinical trial data, details of our financial support for patient groups and details of our engagement with healthcare professionals. Specific examples relating to our political advocacy work include:

- *Policy Positions:* GSK supports transparency and accountability in public decision-making and we publish position statements on many key issues on [gsk.com](https://www.gsk.com). It is not an exhaustive list of the issues on which we have a view; however, we are happy to discuss our position on any issue with legitimate parties.
- *Lobbying Costs:* We voluntarily publish the costs associated with lobbying of EU institutions on the [European Transparency Register](#) and, in line with the US Lobbying Disclosure Act, we provide details of our expenditure on US Federal lobbying activities on the [US Federal lobbying register](#).
- *Public Policy Groups (PPGs):* Since 2012 we have voluntarily published the [global criteria](#) we apply when selecting which PPGs to work with.
- *Trade Associations:* We were one of the first, if not the first, healthcare company to publish an extensive list of our memberships of key pharmaceutical, vaccine and consumer product [Trade Associations](#).

### GSK Policies and Standards

GSK has a number of written standards that guide our external engagement activities, including our political advocacy work.

The GSK Code of Conduct: Our "[Code of Conduct](#)" sets out fundamental business conduct standards for all company staff. It provides a working guide for how employees should apply GSK's Values of respect, transparency, integrity and patient focus to their every day work. It sets out our prohibition on Political Contributions, highlights the importance we attach to ensuring our work with Governments is ethical and stresses the need to ensure any financial support for external groups complies with our standards. The Code applies to the entire GSK workforce world-wide, within all sectors, regions, areas and functions, and is subject to annual certification by all staff.

Working with Third Parties: GSK strives to conduct business only with third parties, including public policy groups and trade associations, who share our commitment to high ethical standards and operate in a responsible and ethical manner. To reinforce the standards to which we are committed, we have developed a public policy paper on [Working with Third Parties](#) which sets out our expectations of any third parties with whom we partner. All third parties looking to work with GSK will in addition be subject to our strict Third Party Oversight framework which includes a due diligence procedure (business reasons and selection process, conflict of interest and background checks and assurance of a fair market value of the transactions), a range of risk-based contracting clauses, and monitoring steps for the lifecycle of the interaction.

Interactions with Government Officials: GSK has a zero tolerance towards bribery and corruption. An enterprise-wide [Policy](#) regulates interactions with officials from governments and government agencies. It ensures compliance with all applicable laws and regulations but also imposes stricter ethical commitments including a general prohibition on any 'transfers of value' to government officials and serving politicians - unless they are approved (on an exceptional basis) by a member of our Corporate Executive Team (or delegate).

Gifts to government officials are generally not permitted. However, to the extent permitted by local law, and where it is a matter of respect for local customs, items of minimal value may be provided to government officials, by exception, provided it is done in a fully transparent way.

Flow of expertise: GSK believes in the sharing of best practice, experience and insights across industry and government through the free movement of people throughout their careers. To this end, we implement transparent, ethical and compliant employment practices for individuals who wish to pursue opportunities within GSK or within a government.

- *Government Secondments*

Secondments to and from Government Departments and to and from GSK allow people from these organisations to learn from each other and to share good practice, ideas and experience.

They help develop expertise within the Government Departments about private sector challenges and ways of working, and so help Government Officials provide better public services. For GSK, they allow our staff to gain a useful insight into the workings of Government, allowing GSK to become more customer focused and aligned to the needs of Government.

Secondments for Government Officials into GSK and for GSK staff to Government Departments /organisations are permitted as long as a formal secondment agreement is in place between GSK and the Government department/organisation; a conflict of interest report is undertaken and any mitigating circumstances are reviewed and addressed in the secondment agreement. In the case of Government secondees on secondment to GSK, no expenses are covered by GSK and any 'Backfill' arrangements whereby GSK covers the cost for the Government Department of the secondees' pro-rated salary are paid to the Government body, not to the individual Government Official involved in the secondment.

- *“Revolving Door” Policy*

The flow of personnel between business and Government can drive innovation, enable the sharing of best practice and expertise and provide an opportunity for individuals to develop their careers. The knowledge, understanding and skills gained from another sector can enable better working in both sectors individually and when working together on complex problems.

However the so called 'revolving door' approach also raises the risk of potential conflicts. Hiring people with contacts or knowledge gained from their time in government or the public sector can be seen as an attempt to buy access and influence. GSK recognises that if such movements across sectors are not managed carefully, they have the potential to damage public trust and confidence in public office holders and the decisions they take generally. It could also have implications for GSK's own reputation. A balance needs to be struck between allowing individuals to pursue a varied and challenging career and protecting the public interest.

In February 2016 GSK introduced a “cooling off” period of six months relating to any GSK work on specific projects that a new employee recruited directly from the public sector worked on while in his/her previous role. This requirement also extends to prohibiting any direct engagement with former departmental colleagues still working on those projects for six months. Introduction of this “cooling off” period was phased and was fully embedded globally by the end of 2016.

Working with Public Policy Groups: Partnering with public policy groups including industry Trade Associations, is an important part of our advocacy work and choosing the right group to partner with is key. Local sensitivities will often need to be considered; however, there are certain criteria that GSK will routinely apply in selecting our partners. These include, but will not necessarily be limited to, ensuring that:

- the group's mission and priorities are aligned with GSK's business and reputational objectives
- the group is aligned and consistent with GSK's values
- the research and work produced by the group is of high quality
- the group has a good reputation and credibility with key external stakeholders
- the group has a robust governance process, including reporting against agreed performance measures
- we are comfortable about the other members of the group
- we know that funds provided by GSK will not be used to make political contributions or for inappropriate or disproportionate entertainment/recreation purposes
- we get significant, differentiated value from our membership

GSK need not, and almost certainly will not, support every position taken by a particular public policy group. However, care is taken to ensure the group's work will not unduly or adversely impact upon the company's reputation. The focus of our efforts is to ensure GSK is working with credible and respected organisations that are aligned with our values and deliver value for money. We will not hesitate to stop supporting an organisation if we believe it has acted contrary to patients' or shareholders' interests, or to GSK's own Code of Conduct and ethics.

### Oversight

GSK's work with political audiences and public policy groups is a priority for the company's Corporate Executive Team, which is accountable for ensuring our interactions with political stakeholders are conducted appropriately, ethically and transparently. Reporting and oversight of GSK's public policy work is conducted annually via the Trust section of the Annual Report, which is reviewed and approved annually by GSK's Board, as well as by the Board's Corporate Responsibility Committee.

### Development and Capability Training

The internal controls in place within GSK to ensure all political interactions are for legitimate purposes and are conducted appropriately and ethically are supported by various training and skills programmes, including:

1. The Government Affairs Manual: an internal document shared with new recruits to a Government Affairs role. It sets out the company's approach to political interactions and stresses the importance of developing public policy in a way that reflects GSK's core values and delivers sustainable performance through value-adding innovation and expanding access for patients.
2. CGA Learning and Development: an internal learning platform that aims to share best practice, train and inform communications and government affairs colleagues. Regular sessions are hosted on topics including Policy management, the role of Government Affairs and effective stakeholder engagement.

May 2019

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<sup>i</sup> No globally recognized definition of a "Public Policy Group" exists. For the purposes of GSK's approach, they are considered to be external facing, non-governmental groups (for-profit as well as non-profit) for whom shaping/influencing the public policy environment is a key activity. They can include single interest groups, groups commonly referred to as "Think Tanks", business lobbying groups and established industry Trade Associations.

<sup>ii</sup> <http://www.oecd.org/corruption/ethics/Lobbying-Brochure.pdf>