



GlaxoSmithKline

Do more, feel better, live longer



Making a difference every day

CORPORATE RESPONSIBILITY REPORT 2003

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Front cover

Sri Lankan mothers and children waiting in line to receive GSK's albendazole and another medication as part of the global programme to eliminate lymphatic filariasis (LF). See story on page 17.

Highlights 2003

Humanitarian product donations valued at

£105 million

Community investment valued at

£338 million

74%

more *Combivir* supplied to developing countries at preferential prices

94 million

albendazole treatments donated in the fight against lymphatic filariasis

Not-for-profit price for *Combivir* reduced by

62%

10

corporate responsibility principles formally adopted

9,000

managers certified their compliance with Code of Conduct

Greenhouse gas emissions per unit sales down

8%

Today...

Corporate responsibility has particular resonance for the pharmaceutical sector. Our business is creating medicines to treat and prevent disease – something that society needs and values. At the same time healthcare, its financing and the way it is delivered provokes much debate.



This report deals with important issues for our business and explains what we are doing. Where possible we have included performance measures to show our progress.

Significant achievements this year include our programmes for the developing world. For example, lymphatic filariasis (LF or elephantiasis) is a debilitating disease affecting 120 million people. Our medicine, albendazole, helps prevent transmission of LF and in partnership with the World Health Organization (WHO) we donated 94 million treatments in 2003. The WHO target is to eliminate LF by 2020, by which time we expect to have donated 6 billion treatments worth around \$1 billion. This will be one of the pharmaceutical industry's largest donation programmes.

We will continue our research and development into treatments for diseases of the developing world. This effort is complemented by our access initiatives, particularly for AIDS in Africa and all least developed countries where our preferential pricing agreements are now well established. However, real progress in addressing disease and suffering in poor countries will only occur if responsibility is shared by all sectors of global society - governments, international agencies and companies such as GSK.

We have embarked on a programme of continual improvement in environment, health and safety performance. Our ten-year Plan for Excellence includes detailed measures and targets in this area. We are already well on the way to meeting our targets for the first five years.

In 2003 we introduced new marketing codes that are backed at the highest level by the Board and the heads of each of our business divisions. Our efforts to reinforce these codes leave no doubt about what is and is not acceptable, and the seriousness of contravening our codes.

GSK has always been committed to achieving 'performance with integrity' – profits without principles are not sustainable. To provide clarity about what this means we have adopted new Corporate Responsibility Principles. We expect everyone in GSK to consider how they apply to their work.

We look forward to reporting our progress to you again next year.

Sir Christopher Hogg
Chairman

JP Garnier
Chief Executive Officer

About GSK

GlaxoSmithKline (GSK) is a leading research-based pharmaceutical company. We make prescription medicines, vaccines, over-the-counter medicines, and oral care and nutritional healthcare products.

We are a global company headquartered in the UK, with major operations in the US.

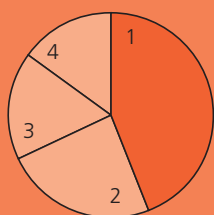
Our business accounts for seven per cent of the world's pharmaceutical market. We have particularly strong positions in several therapeutic areas including respiratory, anti-viral, central nervous system, diabetes and vaccines.

Company statistics

Financial profile 2003

Sales	£21,441m
Trading profit (business performance)....	£6,920m
R&D spend	£2,770m

Sales



- 1 US pharmaceuticals **44%**
- 2 Europe pharmaceuticals **24%**
- 3 International pharmaceuticals **17%**
- 4 Consumer healthcare **15%**

Operations

Countries	117
Manufacturing facilities	92
R&D facilities	20

Employment

Total employees	101,000
Manufacturing	32,000
Sales and marketing	44,000
R&D	15,000
Administration	10,000

About this report

This report summarises GSK's corporate responsibility activity and performance during 2003.

Further information on all the issues covered in this report is available on our website, www.gsk.com

Managing Corporate Responsibility

During 2003 GSK formally adopted Corporate Responsibility Principles. These clearly identify our key corporate responsibility (CR) issues, and provide guidance for employees on the standards to which the company is committed.

Corporate Responsibility Principles

The mission of our business – to improve the quality of human life to enable people to do more, feel better and live longer – focuses on the needs of patients. We will achieve this mission through our products and activities, while enhancing the contribution we make to society, sustaining economic performance and operating in an environmentally responsible manner.

7 Standards of ethical conduct

We expect employees to meet high ethical standards in all aspects of our business, by conducting our activities with honesty and integrity, adhering to our CR principles, and complying with applicable laws and regulations.

1 Employment practices

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

4 Leadership and advocacy

We will establish our own challenging standards in corporate responsibility, appropriate to the complexities and specific needs of our business, building on external guidelines and experience. We will share best practice and seek to influence others, while remaining competitive in order to sustain our business.

8 Research and innovation

In undertaking our research and in innovating:

- We may explore and apply new technologies.
- We will constructively engage stakeholders on any concerns that may arise.
- We will ensure that our products are subject to rigorous scientific evaluation and testing for safety, effectiveness and quality.
- We will comply with or exceed all regulations and legal standards applicable to the research and development of our products.

2 Human rights

We are committed to upholding the UN Universal Declaration of Human Rights¹, the OECD guidelines for MNEs² and the core labour standards set out by the International Labour Organisation³. We expect the same standards of our suppliers, contractors and business partners working on GSK's behalf.

5 Community investment

We will make a positive contribution to the communities in which we operate, and will invest in health and education programmes and partnerships that aim to bring sustainable improvements to under-served people in the developed and developing world.

9 Products and customers

We will promote our products in line with high ethical, medical and scientific standards and will comply with all applicable laws and regulations.

3 Access to medicines

We will continue to research and develop medicines to treat diseases of the developing world. We will find sustainable ways to improve access to medicines for disadvantaged people, and will seek partnerships to support this activity.

6 Engagement with stakeholders

We want to understand the concerns of those with an interest in corporate responsibility issues. We will engage with a range of stakeholders and will communicate openly about how we are addressing CR issues, in ways that aim to meet the needs of different groups while allowing us to pursue legitimate business goals.

10 Caring for the environment

We will operate in an environmentally responsible manner through systematic management of our environmental impacts, measurement of our performance and setting challenging performance targets. We will improve the efficiency of all our activities to minimise material and energy use and waste generated. We aim to find opportunities to use renewable materials and to recycle our waste.

“The pharmaceutical sector needs to demonstrate responsibility across a very wide range of issues. GSK has shown it is aware of its key CR issues and has clear structures for managing them. GSK management keeps the CR Committee informed of its activities and is responsive to the Committee’s suggestions.”

Donald McHenry Chairman, Corporate Responsibility Committee

Corporate Responsibility Committee

GSK’s Corporate Responsibility Committee consists of four non-executive Directors and reports to the Board. During 2003 the Committee met three times and reviewed our activity in a number of areas including donations and community investment, consumer advertising, corporate responsibility management and reporting, political activity and programmes for diseases of the developing world.



Donald McHenry

Chairman of the Corporate Responsibility Committee. Mr McHenry is a Distinguished Professor in the Practice of Diplomacy at the School of Foreign Service at Georgetown University and is President of the IRC Group, LLC.



Dr Michèle Barzach

Dr Barzach is a member of the International Cooperation High Council, Chairman of the Board of Equilibres et Populations and Director of the Board of Project Hope. International consultant in health strategy, she was formerly French Minister of Health and Family.



Sir Christopher Hogg

Sir Christopher is Non-Executive Chairman of Reuters Group PLC, a member of the Supervisory Board of Air Liquide S.A. and Chairman of The Royal National Theatre, as well as being Non-Executive Chairman of GSK.



Dr Lucy Shapiro

Dr Shapiro is Ludwig Professor of Cancer Research in the Department of Developmental Biology and Director of the Beckman Centre for Molecular and Genetic Medicine at the Stanford University School of Medicine.

MANAGEMENT OF CORPORATE RESPONSIBILITY

We believe that corporate responsibility is most effectively managed within our business operations, where experts on all our CR issues are employed. We have a small corporate team that co-ordinates policy development, reporting, and communication with socially responsible investors.



Key impact areas

1 Medicines for the developing world

Research to find treatments for diseases of the developing world. Providing vaccines and medicines for the poorest countries at preferential prices.

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2 Community investment

Our philanthropic work primarily focuses on health and education.

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3 Business ethics and integrity

The standards of behaviour required of all our employees and the steps we are taking to ensure they are achieved.

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4 Environment, health and safety

Using resources efficiently and minimising the impact of our products and operations on the environment. Protecting our employees and contractors in the workplace.

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5 Valuing people

Our commitment to diversity, equal opportunity and creating a working environment in which the talent of all our people will thrive.

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6 Research and development

The conduct and publication of clinical trials. The need for animal testing and safeguards for their treatment.

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Summary of indicators

Below are the main indicators we are using to track our performance on a range of corporate responsibility issues.

Issue	2002	2003
Medicines for the developing world		
Supply arrangements for preferentially priced anti-retrovirals (ARVs)	124	175
Number of countries supplied with preferentially priced ARVs	50	56
Number of <i>Combivir</i> tablets shipped	6.2m	10.7m
Number of albendazole tablets donated	66m	94m
Number of countries supplied with albendazole	31	34
Community investment		
Total community investment expenditure	£239m	£338m
Total value of product donations (including albendazole)	£24m	£116m
Total value of products donated through GSK Patient Assistance Program	£112m	£125m
Business ethics and integrity		
Number of employees completing certification to Code of Conduct	700	9,000
Environment		
Number of contract manufacturers audited	16	28
Energy consumption (million gigajoules)	20.1	19.8
Water consumption (million cubic metres)	24.7	23.5
Ozone depletion potential from metered dose inhalers (tonnes CFC-11 equivalent)	1,500	782
Ozone depletion potential from production (tonnes CFC-11 equivalent)	120	68
Ozone depletion potential from refrigeration and other ancillary uses (tonnes CFC-11 equivalent)	7.4	2.2
Volatile organic compound emissions (thousand tonnes)	6.5	6.6
Global warming potential from energy sources (thousand tonnes CO ₂ equivalent)	1,842	1,815
Hazardous waste disposed (thousand tonnes)	62.5	61.4
Health and safety		
Lost time injury and illness rate (cases per 100,000 hours worked)	0.34	0.31
Lost time injury and illness rate for contractors working on site (cases per 100,000 hours worked)	0.50	0.33
Valuing people		
Women in management grades (%)	32	34
Ethnic diversity – people of colour (US only, %)	19.0	19.5
Research and development		
GSK animal research facilities accredited by the Association for Assessment and Accreditation of Laboratory Animal Care	7	7

We are assessing the benefits of developing further performance indicators. In doing so, we will continue to take into account the views of our stakeholders.

Each and e

GSK plays an important role in society through research into new treatments and vaccines, product donations, preferential pricing for developing countries and support for patients who cannot afford medicines. Here are some examples of how much we contribute each day.



More than
555,000

Americans have access to our medicines free of charge or at subsidised rates

These are people who do not have insurance and would otherwise not be able to afford medicines.



£7 million

invested in scientific medical research each day

Society relies on the pharmaceutical industry to discover and develop the medicines of the future.

very day

Over
2 million

GSK vaccines are distributed worldwide

These prevent disease and help improve public health.

and over
250,000

albendazole preventative treatments are donated to people in developing countries

Albendazole helps prevent transmission of lymphatic filariasis, a debilitating disease affecting 120 million people in developing countries.



27,000

tablets of *Combivir* are shipped to treat HIV/AIDS patients in developing countries

Making anti-retrovirals more affordable through sustainable preferential pricing to help tackle the global HIV/AIDS epidemic.



Our contribution

Our business is about developing and marketing medicines and vaccines that improve the health and quality of life of millions of people around the world. We are a commercial organisation that needs to make profits to fund future investment and to pay dividends to our shareholders.

We believe governments and intergovernmental bodies are primarily responsible for meeting the world's health challenges, including those in the developing world. We cannot replace the functions of governments or charities but we support them in some very important ways – we have a significant role to play.

Pharmaceutical research

In developed countries we take medicines almost for granted. We have benefited from advances which mean that most of us are no longer at risk from diseases such as polio and TB that were major threats less than a century ago. But there are still many serious illnesses for which there are few treatments or where treatments may be improved.

Discovering and developing a new medicine to prevent or treat disease is expensive – the average cost is over £450 million and it takes around 12 years.

GSK invested almost £2.8 billion in research and development in 2003.

This enables us to employ the leading scientists and provide the technology they need to push forward the frontiers of medical science.

Society now relies on pharmaceutical companies to make this investment and fund research. The funding and resources of the industry are integral to the development of new medicines.

Developing world

Many people in the developing world continue to suffer and die from preventable and treatable diseases. They do not have access to the medicines they need, or to adequate healthcare facilities. GSK makes a major contribution through research into treatments and vaccines for diseases that are common in developing countries, providing products at preferential prices and investing in community health and education programmes. These are described in more detail on page 10.

Developed world

Even in developed countries some sections of society do not have sufficient access to medicines. This is a particular concern in the US, where many people are not covered by public or private health insurance. We are helping patients who do not have insurance coverage to gain access to prescription medicines via a number of initiatives.

GSK was the first pharmaceutical company in the US to offer a card providing savings on medicines to low income senior citizens and disabled people. Our *Orange Card* is available to these groups, providing savings of up to 40% on GSK's prescription medicines⁴. By the end of 2003, 155,000 patients had enrolled in this programme.

GSK has also joined with six other pharmaceutical companies to offer the Together Rx™ card to low income patients who are eligible for Medicare and would otherwise not be able to afford prescription medicines⁵. Together Rx provides a discount of between 20% and 40% on over 150 different medicines.

We also operate a Patient Assistance Program which in 2003 provided medicines worth \$205 million. These were provided at no cost, or minimal cost, to more than 400,000 patients in the US who do not have medical insurance and may otherwise have gone without their medicines.

Patient Assistance Program in the US

GSK's Patient Assistance Program (PAP) in the US gives low-income, uninsured patients access to the medicines they need but cannot afford.

Commitment to Access covers cancer treatments while other medicines are available through another of our programmes, Bridges to Access.

In 2003, over 400,000 people received free GSK medicines through these programmes. Our total commitment to PAP in 2003 was \$205 million. Eligibility criteria for these programmes are among the most generous offered by the pharmaceutical industry.

Patient eligibility is determined through one phone call, and once enrolled a patient can receive the prescription medicine immediately at any local pharmacy. In addition patients are helped to find other sources of funding such as Medicaid, AIDS Drug Assistance Program, State Children's Health Insurance Programs and State Elderly Drug Assistance Programs.

The company promotes the PAP on two websites^{6,7} which tell patients what support is available and help to increase take-up.





n to society

“An important part of my job is helping some of the 80,000 people in Baltimore County who do not have medical insurance. GSK’s programme makes it easy for me to help; the process is so quick I always hope it’s a GSK medicine on the prescription. Patients pay just \$10 for two months’ supply of medicine no matter what drug is required. This is invaluable to uninsured patients who might otherwise have to choose between medicines or food. It literally saves lives.”

Wendy Freeman Case Manager, Baltimore County Health Department, Maryland, US

Medicines the develo

Lack of access to even basic medication and healthcare facilities has led to a healthcare crisis in the developing world. GSK is committed to playing a leading role in addressing this crisis.

GSK's response to this crisis has three elements:

- Preferential pricing – offering anti-retrovirals (ARVs) for HIV/AIDS and anti-malarials on a not-for-profit basis and vaccines at significant discounts to the poorest countries
- Research and development – investment in the search for new treatments and vaccines for diseases of the developing world
- Community investment – activities and partnerships that support improving health in under-served communities.

Preferential pricing

All GSK ARVs and anti-malarial medicines are now available to the public sector at not-for-profit prices in 63 of the world's poorest countries, including all of sub-Saharan Africa⁸. Not-for-profit prices for ARVs are also available to private employers in sub-Saharan Africa who provide care and treatment for uninsured staff. All projects fully funded by the Global Fund to Fight AIDS, TB and Malaria⁹ are also eligible, so that our not-for-profit prices are now available in over 100 countries. We negotiate preferential prices with middle-income countries on a case-by-case basis.

Our not-for-profit prices are set to cover our manufacturing and distribution costs. This ensures we can sustain the supply of these products for as long as patients need them. The World Health Organization (WHO) has set a target to treat 3 million HIV positive people in developing countries with ARVs by 2005¹⁰. We are committed to making a strong contribution to the achievement of this goal.

Progress in 2003

Following improvements in manufacturing and economies of scale, we cut the not-for-profit prices of ARVs in April and again in October. *Combivir* is now available at \$0.65 a day, compared to \$1.70 in December 2002.

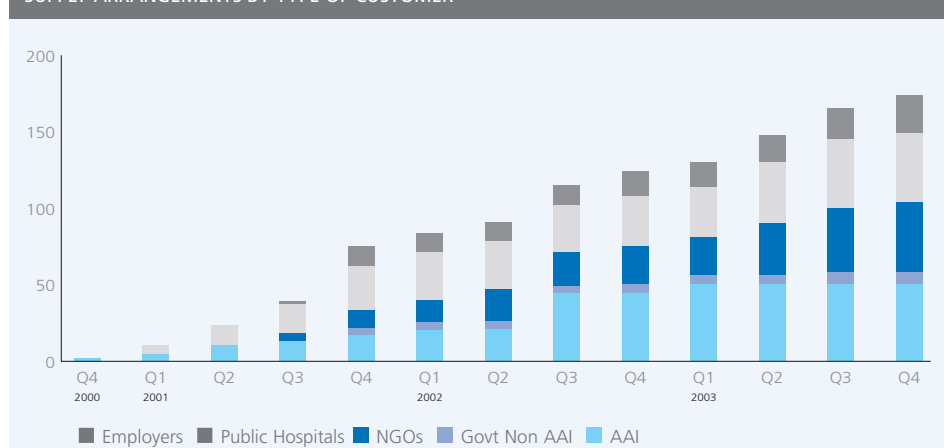
We now have over 175 public sector agreements to supply ARVs in 56 countries. This includes 25 ARV supply agreements with employers in sub-Saharan Africa.

During 2003 we shipped almost 11 million preferentially priced *Combivir* tablets to developing countries, 74% more than in 2002. Shipment figures for 2002 exclude the product sold at not-for-profit prices to West Africa and illegally diverted back to Europe, amounting to almost a quarter of not-for-profit *Combivir* sales that year. The decline in shipments in the second

half of 2002 was largely due to potential purchasers delaying placement of orders in anticipation of new funding sources. These became available early in 2003, hence the increase in shipments during this year.

It is difficult to quantify the number of patients treated as a result of our programmes because we do not control healthcare provision. However, a study in September 2003 by the UN-led Accelerating Access Initiative (AAI) indicates that in sub-Saharan Africa the number of patients treated with ARVs supplied by the six companies in the AAI had more than doubled in a year to over 75,000. This is still a very small proportion of the patients who need treatment. Substantial coverage requires more funding to pay for better healthcare infrastructure and to ensure the safe delivery of more medicines to patients.

SUPPLY ARRANGEMENTS BY TYPE OF CUSTOMER



for pricing world



In 2003 we extended the voluntary licence granted to the generics manufacturer, Aspen Pharmacare, to include sales to the private sector. Under this agreement Aspen can now manufacture and sell key GSK ARVs across sub-Saharan Africa, in both the public and private sectors. Discussions are underway with a second generics manufacturer on a similar licence for GSK ARVs across Africa.

Product diversion like that seen in 2002 denies treatment to patients in developing countries and undermines our preferential price agreements. To help minimise diversion we are introducing special 'access' packs to differentiate preferentially priced products. We are now able to supply 58 countries with *Combivir* in a special pack.

Similar efforts are underway to secure widespread regulatory approval for *Trizivir* and *Epivir* tablet packs and *Retrovir* and *Epivir* solution packs. We will also be using a different colour for some of our ARV tablets.

In 2003 we applied to register a number of our ARVs under the EU's Anti-Diversion Regulation designed to prevent illegal product diversion into Europe.

Pilot projects are underway to explore opportunities for extending preferential pricing to a wider range of medicines. These are being run in partnership with NGOs in Zambia, Malawi, Uganda, Tanzania and Nigeria. Early observations suggest that the greatest medical need is for basic essential medicines. Furthermore, even when medicines are supplied at the lowest prices, access to treatment may not significantly increase without adequate healthcare infrastructure.

The international community made good progress on supporting access to medicines initiatives in 2003. In particular we welcome funding from initiatives such as the Global Fund and the US Emergency Plan for AIDS Relief, as well as the G8 Action Plan on Health that recognises the importance of preferential pricing and preventing product diversion¹¹. However, much more still needs to be done.

Research and development

There is currently no cure for many of the diseases affecting developing countries, and some existing treatments are becoming less effective due to drug resistance. Investment in R&D for new treatments and vaccines is therefore vital. Public/private partnerships (PPP) are essential to fund research where there is no commercially viable market for a potential product. We are working with many governments, UN agencies and other global funding bodies in this area.

We believe we are currently the only company researching new vaccines and treatments for all three of the WHO's priority diseases in the developing world – HIV/AIDS, TB and malaria. We have 16 clinical development programmes for products of relevance to the developing world. Seven of these are aimed specifically at diseases that disproportionately affect developing countries (see table, page 12). A number of pre-clinical projects are also underway.

A team of researchers in the UK and Tres Cantos, Spain has been established specifically to focus on research into diseases of the developing

world. A similar group also exists in our vaccines organisation based in Belgium.

Progress in 2003

In February we launched our new meningitis vaccine for Africa, *Mencevax ACW*, developed with the WHO. This is available to 21 African countries at the preferential price of one euro per dose.

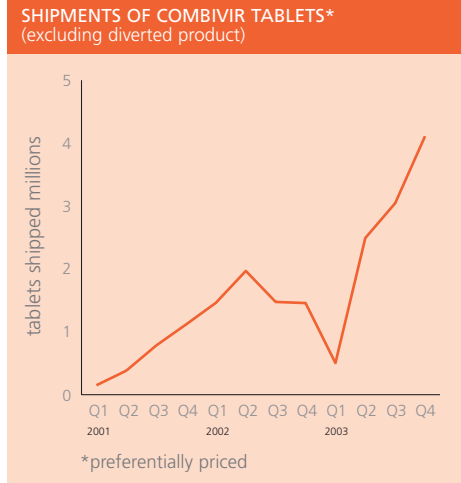
Phase II clinical trials of our malaria vaccine for children began in Mozambique in partnership with the Malaria Vaccine Initiative. We also started Phase III clinical trials in Latin America for our rotavirus vaccine, for protection against a major cause of diarrhoea. The dehydration resulting from diarrhoea, and the lack of a clean water supply, causes the death of over half a million children each year in developing countries.

Human clinical trials of our HIV vaccine continued this year and we are researching several other potential HIV vaccines. We anticipate taking our TB vaccine into Phase I development in early 2004.

In October we signed a technology transfer, supply and licence agreement with the Brazilian government for the production of the measles, mumps and rubella vaccine. This will enable more than 100 million children in Brazil to be vaccinated over the next five years.

In July *Lapdap*, an anti-malarial treatment developed by GSK through a PPP, received approval from the UK regulatory agency (see page 13). We expanded our research agreement with the Medicines for Malaria Venture¹². This includes development of CDA, a combination of *Lapdap* and artesunate, as well as two new classes of anti-malarial in drug discovery.

Phase II clinical trials of sitamaquine, a new oral treatment for visceral leishmaniasis, were completed in Kenya and India and demonstrated promising efficacy. Further clinical studies are planned for 2004. We discontinued development of oxibendazole for intestinal worms as the treatment offered no advantage over existing medicines.



DEVELOPMENT PIPELINE AT END OF 2003 FOR DISEASES RELEVANT TO THE DEVELOPING WORLD †

Focus	Pre-clinical activity	PHASE I	PHASE II	PHASE III	MARKETED	
HIV	✓	Non-NRTI CCR5 antagonist Aspartyl protease inhibitor NRTI		Ziagen/Epivir*	Epivir Ziagen Agenerase	Retrovir Combivir Trizivir Lexiva/Telzir
Vaccines	✓	HIV Dengue fever	Hepatitis E Malaria N. meningitidis Cervarix (HPV)	Rotarix (rotavirus) Streptorix (S.pneumoniae paediatric)	Havrix (hepatitis A) Twinrix (hep A & B) Tritanrix (diphtheria, tetanus, whole cell pertussis) Priorix (measles, mumps and rubella) Hiberix (haemophilus influenzae type b)	Engerix B (hepatitis B) Infanrix (diphtheria, tetanus, acellular pertussis) Polio Sabin (polio) Typherix (typhoid) Mencevax ACW (meningitis)
Malaria	✓		CDA (chlorproguanil, dapsone + artesunate)	tafenoquine	Malarone Lapdap	Halfan
TB	✓					
Other	✓			sitamaquine (visceral leishmaniasis)	Zentel (de-worming agent) Pentostam (visceral leishmaniasis)	

* submitted for approval

† more detailed information on our product pipeline can be found in the Annual Report

In 2003 our ten-year partnership programme, Action TB, was completed. This research programme improved our understanding of TB and should help the in-house development of more targeted and effective treatments against the disease.

We are supporting 27 clinical trials in developing countries to assess the use of ARVs in resource-poor settings. Seven new studies began in sub-Saharan Africa in 2003, bringing the total in this region to 20. This includes the DART study, the largest adult HIV treatment study in Africa involving 3,000 patients in Uganda and Zimbabwe. We are supplying drugs for eight studies of prevention of mother-to-child HIV transmission, involving 8,000 patients in developing countries.

HIV treatment regimens can be very complex, requiring patients to take a combination of several different tablets at different times of the day. This increases the risk of patients missing a dose or taking their medicine at the wrong time. This can reduce the effectiveness of treatment and lead to drug resistance. We are looking at ways to simplify treatment regimens. In 2003 we sought regulatory approval in the US and Europe for a new fixed-dose combination of *Epivir* and *Ziagen* which are currently used as separate tablets in recommended treatment regimens. If approved, this one-tablet combination would be taken once a day and would replace the two tablets currently taken twice a day.

In October, US FDA approval was secured for *Lexiva*, a new HIV protease inhibitor, currently the only protease inhibitor to offer flexible dosing with no food or water restrictions. We hope to start launching *Lexiva* (also known as *Telzir*) in developing countries in 2004/2005.

In December GSK was recognised for its leadership in alleviating tropical infectious diseases and improving global health, by the American Society of Tropical Medicine and Hygiene¹³.

Community investment in developing countries

We manage a large community investment programme in developing countries. This includes donations of medicines, as well as financial and practical support for public health initiatives and education programmes¹⁴. The largest programmes include those tackling three major diseases – lymphatic filariasis (LF, commonly known as elephantiasis), HIV/AIDS and malaria.

Elimination of lymphatic filariasis (LF)

LF affects 120 million people, mostly in developing countries, and is one of the world's leading causes of permanent disability. Over one billion people, almost one-fifth of the world's population, are at risk of LF infection. GSK's albendazole prevents transmission of LF when taken together with another medicine. As a founding partner in the WHO's Global Program to Eliminate LF¹⁵, we expect to donate 6 billion treatments by 2020, worth an estimated \$1 billion (valued at wholesale prices).

Progress in 2003

GSK donated 94 million treatments of albendazole to 34 countries. We have donated 240 million preventative treatments since 1998 to over 80 million people. The programme is expected to eventually reach one billion people.

Programmes for HIV/AIDS

For 11 years our HIV/AIDS programme, Positive Action¹⁶, has worked at the community level to support HIV care, education and prevention initiatives. Positive Action partnerships with organisations such as the Centre for African Family Studies (CAFS) tackle issues such as stigma and discrimination, a significant barrier to healthcare in many communities affected by HIV/AIDS.

CAFS provides training courses to community organisations working with people affected by HIV. It has trained over 250 key workers from 65 NGOs to build and run effective organisations helping people affected by HIV. Such well-placed support can have a powerful impact. For example, the Kenyan Network of Women

Against AIDS in Africa (KENWA) believes that a Positive Action workshop on writing effective fundraising proposals helped it secure a grant of \$220,000 from the Global Fund to Fight AIDS, TB and Malaria.

The GSK France Foundation, a GSK-endowed charitable foundation, supports a range of programmes to improve access to healthcare for HIV-positive people in Africa, particularly women and children¹⁷. Over the last five years, the Foundation has provided £2 million to support 32 programmes in 13 African countries.

Progress in 2003

Positive Action supported 38 programmes in partnership with 28 organisations in 34 countries. Also during 2003, the GSK France Foundation supported 17 initiatives and pledged to renew its commitment for a further five years. GSK also granted \$1.6 million over two years to support the work of two HIV/AIDS clinics in Malawi and Uganda.

GSK African Malaria Partnership

This partnership is providing \$1.5 million 'kick-start' funding over three years to support malaria education programmes¹⁸. The initiatives are designed to improve the prevention and management of malaria in seven African countries. For example, our support will help Freedom From Hunger develop a malaria education module for its 'Credit with Education' programme. This provides a package of financial services, and health and business education to help very poor women fight against chronic hunger, illness and poverty.

Progress in 2003

We contributed the first grants to our partners, Freedom From Hunger, AMREF and Plan International. We also donated \$25,000 to Plan International to assist with relief operations and an increase in malaria cases in Sudan following severe flooding.



“Lapdap can help us meet the urgent

need for an affordable anti-malarial treatment for use in Africa, as it has been shown to work in cases where S/P [the standard treatment] has failed.”

Professor Peter Winstanley University of Liverpool

Lapdap – a new anti-malarial for sub-Saharan Africa

Malaria affects more than 300 million people every year. There is an urgent need for new affordable treatments to combat the disease and to deal with the problem of resistance to existing treatments.

The new anti-malarial treatment, *Lapdap*, launched in 2003, is designed to tackle this deadly disease. It was developed specifically for use in sub-Saharan Africa, where malaria kills more than one million people every year, the majority of whom are children under five.

The initiative brought together GSK Drug Development researchers with scientists in Africa, and two leading UK medical schools – the University of Liverpool and the London School of Hygiene and Tropical Medicine. GSK, the WHO and the UK Government (Department for International Development) jointly funded the development project.

Lapdap was approved for use by the UK Medicines and Healthcare Products Regulatory Agency and, in line with best medical practice, GSK is conducting post-marketing studies in Africa to confirm the long-term safety of the treatment.

GSK is registering *Lapdap* across sub-Saharan Africa, where it will be available to national malaria control programmes at preferential prices. The treatment is already registered in 14 African countries.

We are also developing CDA, a new *Lapdap* plus artesunate combination therapy, with the WHO and the Medicines for Malaria Venture.

Community investment

The Children's Health Fund's Referral Management Initiative

Homeless and disadvantaged children are especially vulnerable to illness and are more likely to suffer from acute and chronic illnesses such as asthma. Many do not receive vaccinations.

Despite needing more specialist care, it is difficult for these families to keep hospital appointments. Millions of children in the US cannot access the healthcare they need because of a lack of transport, too few doctors in disadvantaged communities, or cultural, language and institutional barriers. A transient lifestyle often means they lose contact with their doctor.

Over nine years, GSK has provided \$4.2 million to the Children's Health Fund to set up and run a Referral Management Initiative (RMI)¹⁹. This helps children, referred to a specialist, attend their appointments and receive the care they need.

The RMI reminds families about appointments by phone and mail, provides door-to-door transport to clinics and helps communications, including providing a translation service where necessary.

GSK is sole funder of the RMI. In 2003 we provided additional funding of \$756,000 to help extend the programme and develop guidance for introducing similar initiatives nationwide.

The RMI has dramatically increased the number of children who see a medical specialist after being referred. Approximately 75% of the children in the programme are now getting the specialist care they need, compared with just 5% when the initiative began.



"The Children's Health Fund partnership with GSK has been responsible for positively transforming the lives of tens of thousands of medically under-served children in need of specialist care."

Irwin Redlener President, Children's Health Fund

We concentrate community investment on improving health and education in under-served and vulnerable communities worldwide. Our contribution is mainly through donations of medicines, financial and practical support and materials such as laboratory and office equipment.



We identify programmes to support on the basis of need, not for their potential impact on our commercial business.

In 2003 our global community investment and charitable donations were valued at £338 million, equivalent to 5.3% of our pre-tax profits (statutory results). This included £125 million for the Patient Assistance Program and other medicine donations for low income groups in the US, and £105 million of humanitarian product donations*. It also included management expenses of £17 million, the cost of running our community investment programmes.

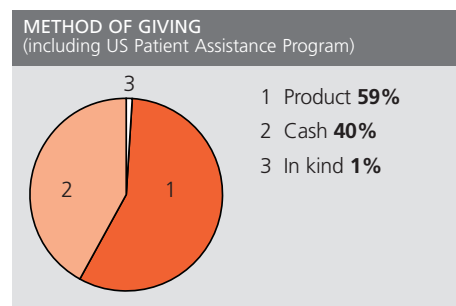
Our community investment programmes focus on major public health initiatives on HIV, malaria and lymphatic filariasis (see page 12), humanitarian aid, supporting communities around the world, and employee involvement.

Humanitarian aid

In the aftermath of a humanitarian disaster it is vital to prevent the spread of infectious diseases. Our antibiotics can play an essential role.

We donate antibiotics to support relief efforts in countries affected by natural disasters or war. Donations are made through our NGO partners including AmeriCares, InterChurch Medical Assistance, MAP International and Project HOPE. These organisations can request GSK medicines according to their needs. This enables them to respond quickly to emergencies since they have the medicines in their warehouses.

In 2003 we donated medicines worth £105 million (valued at wholesale prices) to support relief efforts in 80 countries. GSK's



*Our product donations are valued at wholesale acquisition cost which relates to the price GSK charges wholesalers and warehousing chains, not the retail price.

medicines were among the first to reach Iraq after the conflict began. We also provided medicines following earthquakes in India and flooding in Nicaragua.

Our humanitarian donations were higher than in previous years, reflecting the variability in both the supply and demand for donations. Year by year the need for humanitarian relief depends on events such as conflict and natural disasters. Also, the supply of product that GSK has available for donation can vary. If we have excess stock available this is offered to charities and will only be placed when there is a clearly identified community need. This is in addition to agreements we have with a number of charities which can select products from GSK stock to fulfil their plans for relief programmes and emergency aid.

Supporting communities around the world

Our programmes support communities in need throughout the world. Here are some examples for 2003:

UK

The GSK IMPACT Awards recognise and reward the work of smaller voluntary organisations dedicated to improving community healthcare. In 2003, we awarded £260,000 to 19 organisations dealing with issues as diverse as sexual abuse, mental health problems and day care for the elderly. New Life Counselling Service received an award for its work counselling families affected by unrest in Northern Ireland²⁰.

“I am delighted that the excellent work carried out by New Life Counselling Service has been recognised by this GSK IMPACT Award. To be honoured at a national level, with such a prestigious award, must be a source of great pride to all concerned.”

Des Brown MP Former Minister with Responsibility for Health, Social Services and Public Safety in Northern Ireland

“The Government is

committed to excellence in science education and I am delighted that GSK, one of our major science-based companies, and Imperial College, are supporting this important initiative.”

Rt Hon Tony Blair MP British Prime Minister, speaking at the launch of INSPIRE, June 2002

GSK is helping to improve school students' interest and achievement in science and increase the number of science teachers through the INSPIRE (INnovative Scheme for Post-docs In Research and Education) scheme. GSK is providing up to £1 million over four years to the scheme which was developed in partnership with Imperial College London and the Specialist Schools Trust. INSPIRE places post-doctoral researchers into specialist science schools to assist with science teaching and to study towards a teaching qualification, and provides sponsorship to help schools gain specialist science status.

Each year we support up to five medical research charities whose work aims to benefit many people in the future. In 2003 we gave over £350,000 to research projects run by Tommy's, the baby charity, International Spinal Research Trust, Epilepsy Research Foundation and the National Osteoporosis Society.

GSK's Positive Action programme is funding a UK-based NGO called +VE to develop a low-cost health education resource for UK prisons. The Community Health, Advice, Support and Education (CHASE) programme is designed to raise awareness of sexual health issues and prevent the spread of HIV, TB, and hepatitis. In 2003 it was piloted in 150 of 189 UK prisons. We hope the programme will be adapted for use in other resource-poor settings.

Europe

Children coping with cancer and life-threatening illnesses are encouraged to rediscover their childhood at Barretstown in Ireland and L'Envol camp in France. In 2003 we donated £400,000 to support these programmes. Over 60 GSK employees also gave their time to help run events for children at Barretstown while others provided essential business expertise and training to the Barretstown team.

Young people with HIV often face social stigma and discrimination that makes it hard for them to continue living normal lives. GSK is supporting the SEYPA programme that combats this social exclusion in five European countries with a three-year grant of £400,000. Through youth-led focus groups, young people find solutions to the problems they face. These include developing training to help organisations provide better support to young people affected by HIV.

Azerbaijan is home to 250,000 refugees. GSK is providing £202,000 over three years to a Safe Childbirth programme to improve healthcare for pregnant women and reduce infant mortality. The programme is run in partnership with the charity HealthProm and the Azerbaijan Ministry of Health. It uses qualified doctors and nurses to train local healthcare providers such as midwives, and to develop healthcare training materials. The local GSK business is also helping to vaccinate refugee children against measles, mumps and rubella.

Zippy's Friends, a schools' initiative run by Partnership for Children, teaches very young children skills for coping with adversities such as family changes, bereavement and bullying. In 2003 GSK's support helped extend the project from Denmark and Lithuania to Goa, India and the UK.

“This investment by GSK

to build basic healthcare infrastructure will go some way to ensuring that these vulnerable people do not suffer further due to ill-health and infant mortality.”

Greta Beresford Safe Childbirth Coordinator, HealthProm

North America

The GSK IMPACT Awards recognise not-for-profit organisations in Philadelphia that are helping to improve healthcare²¹. The awards have helped 58 community organisations to raise funds, recruit new volunteers and support greater numbers of people. In 2003 we awarded \$367,000 to 16 organisations dealing with issues such as child abuse, breast cancer and sexual and reproductive health.

Our support for the Children's Health Fund has enabled it to improve access to healthcare for homeless children (page 14).

GSK is the major supporter of the University of North Carolina's innovative travelling science laboratory, DESTINY. The laboratory visited 73 under-served secondary schools and reached 4,300 students during 2003. The programme encourages women and minority students to pursue science careers.

Science in the Summer is a free science education programme that aims to inspire children to pursue science careers. Students learn fun, hands-on experiments that relate science to every day life. In 2003 over 6,000 children participated in the programme in 142 libraries in the Philadelphia area.

“The partnership

we have forged with GSK to share skills and resources has been a great example to other companies. I know that many other firms now recognise the value of partnering with a charity rather than merely donating money.”

James Hill Chairman, Barretstown



10 million

people treated against lymphatic filariasis in one day

Using medicines donated by GSK, the Sri Lankan Ministry of Health mobilised 50,000 healthcare workers and volunteers to treat half of its population, those at risk of LF, in one day – 10 million people. Sri Lanka, now halfway through its 5-year treatment plan, is just one of 36 countries on several continents working to eliminate LF forever.

International

Our Rural Nursing Excellence programme in Thailand has helped 150 nurses qualify since it was started in 1997, providing support to 109 hospitals and clinics. GSK has donated £500,000 to the programme to provide training for young women. The lack of nurses is a major barrier to improving healthcare in rural areas and this programme encourages them to take their skills back to benefit their villages.

Our award-winning Personal Hygiene and Sanitation Education (PHASE) programme run in partnership with AMREF and Plan International is reducing diarrhoea-related disease in school children. In 2003 this simple hand-washing programme was expanded into a fourth country, Zambia, with the Ministry of Education and USAID, and is being rolled out to all schools in Peru by the Ministry of Health.

We are helping to give Africa's children a healthier future through the Integrated Management of Childhood Illness (IMCI) strategy. Developed by the WHO and Unicef, IMCI aims to reduce deaths from treatable and preventable diseases by improving the skills of health workers and helping families better care for sick children. GSK has provided funding of \$300,000 and technical expertise. In 2003 the initiative was expanded from South Africa and Ethiopia into Namibia and Nigeria.

In China we are working in partnership with the British and Australian Red Cross, reaching young people and drug users to prevent the spread of HIV. During 2003 8,000 young people took part in training and the programme has reached 14,000 people so far.

Employee involvement

Many GSK employees volunteer their time and expertise to worthy causes in their local communities. This can include participating in Days of Caring at not-for-profit organisations in the US and mentoring school children through our UK Science and Engineering Ambassador Scheme and our US Partnership for Educational Discovery.

In 2003 in the US, GSK matched donations of \$3.8 million made by GSK employees and retirees through our Matching Gifts Program. In addition, the \$1.3 million donated by GSK employees to the United Way campaign was matched by GSK, giving a total of \$2.6 million. The GSK Investment in Volunteer Excellence (GIVE) programme makes donations to registered charities in the US where GSK employees or their partners volunteer.

In the UK our Making a Difference initiative provides financial support to charities where GSK employees are involved in voluntary work.

"GSK's support has helped us to turn a simple idea for promoting children's health into an international programme... we couldn't have wished for better partners."

Chris Bale Director, Partnership for Children

"GSK's product donations for humanitarian relief efforts allow us to save lives and serve as a catalyst in building sustainable health programmes throughout the developing world."

Veronica Arroyave Director, Corporate Relations, MAP International

GSK is committed to ensuring that all our business practices meet high standards and our employees behave ethically and honestly, compete fairly and avoid conflicts of interest.

This section is about our business standards and in particular those relating to our marketing teams.

Code of conduct

GSK's Code of Conduct sets out the standards we expect employees to meet. It requires all employees to behave honestly, in line with company policy and with the law, to avoid conflicts of interest and to report any violations of the Code or unethical behaviour²².

To help employees understand the Code and what constitutes acceptable and unacceptable behaviour in practice we have also issued an Employee Guide to Business Conduct. The Code and Guide are available on the company intranet.

Ensuring compliance

All managers are expected to lead by example in complying with our Code of Conduct and other GSK policies and supporting their staff to do the same. In 2002 we introduced an annual certification process for the 700 or so managers at vice-president level and above to ensure that they understand this responsibility. In 2003 we extended certification to include all mid-level management in the US and UK so that over 9,000 managers participated in the certification.

If employees have concerns they can raise them with the Corporate Compliance Officer, the business unit Compliance Officers, or through our confidential PO Box and helplines. Other stakeholders can contact our customer response centres which redirect calls to appropriate senior management.

Departments such as Finance, Human Resources, Legal, Compliance and Internal Audit work together to monitor compliance with our policies and applicable laws. Marketing and sales practices are monitored by our Internal Audit Department during audits of our businesses. We fully investigate any suspected breaches of policies and take appropriate disciplinary action where warranted.

In 2002 GSK provided input into the Compliance Program Guidance for Pharmaceutical Manufacturers developed by the US Health and Human Services' Office of Inspector General²³. The guidance, published in April 2003, is designed to help pharmaceutical companies establish effective compliance programmes to prevent unlawful or unethical conduct. We are benchmarking our programmes against the guidelines.

Business ethics and integrity



Marketing practices

The advertising and selling of medicines are subject to regulations set out by governments and medicines agencies. GSK's internal policies encompass and build on these requirements.

Most of our products are marketed by sales representatives. They regularly meet doctors and pharmacists to inform them about our medicines and their approved uses. We also market some products directly to consumers where this is permitted.

Specific policies and guidance for sales and marketing employees at a national level ensure that all our marketing is accurate, based on valid scientific evidence and complies with the law.

GSK also has a company-wide policy on Pharmaceutical Marketing and Promotion Activity which applies to all employees and agents. It sets out our commitment to promotional practices that are ethical, responsible, principled and patient-centred. It prohibits bribery or other inducements to doctors to prescribe a medicine.

More detailed guidance is provided by the international and regional industry codes of practice that we adhere to, including the International Federation of Pharmaceutical Manufacturers Associations (IFPMA) Code of Pharmaceutical Marketing Practices²⁴.

In addition GSK has developed, and keeps under review, its own regional marketing codes that ensure differences in market structure, national healthcare systems and legal framework are appropriately reflected.

These regional codes are being introduced across the company and we have designated area champions to co-ordinate the distribution of the codes and training for staff. Codes are translated into local languages and all sales and marketing employees receive a copy.

Training workshops and electronic media ensure staff understand the codes and what constitutes acceptable promotional activities. All employees involved in sales and marketing receive regular training on our products so they can provide accurate information to doctors.

“We are committed to conducting our business with integrity and that means complying fully, not only with the letter of the law, but with the spirit. It is not our objective to look for loop-holes or creative interpretations of the law, nor shall it be our benchmark to simply compare ourselves with our competitors and be satisfied that we are as good as, or no worse than them.”

Andrew Witty President Pharmaceuticals Europe, GSK

“Performance with integrity in all its aspects is absolutely non-negotiable, and adherence to the new Code is a major way in which we show that.”

Russell Greig President Pharmaceuticals International, GSK

Enhancing a compliance culture in sales and marketing

Our pharmaceutical sales and marketing division in the US has introduced a programme to make business integrity a key requirement. The initiative, called 'Take the High Road on Ethics and Legal Compliance', aims to ensure employees understand and comply with our sales and marketing policies.

Education is an essential element. A comprehensive paper and on-line manual has been developed, containing our sales and marketing policies, guidelines for employees and Q&As on key subjects. This is available to over 10,000 employees across the US. All new and existing sales and marketing employees attend compliance training and 11 new computer-based training modules have been developed. More than 10,000 employees completed compliance training in 2003. A video, *Performing With Integrity*, supports the training and includes perspectives from GSK sales people.

A regular 'High Road' newsletter and audio programme help reinforce key points from training and keep employees up to date on new developments.

The company has also established an advisory board of sales managers from across the business to provide feedback on new initiatives and help ensure compliance programmes are practical and user-friendly.

The compliance department and confidential GSK Integrity Helpline have been publicised so employees know where to go if they have any questions or concerns. Sales employees used this facility to ask more than 1,100 questions on sales and marketing policies in 2003.

Monitoring behaviour is an important element of ensuring compliance. A full-time project team looked in detail at our monitoring processes for sales and marketing and introduced improvements where necessary. Audits have been conducted in key compliance areas during the past two years.



Environment health and

Environment, health and safety (EHS) issues are managed through an integrated system that ensures issues and risks are identified, training is provided, targets set and audits conducted. Our EHS standards apply throughout our operations and in 2002 we developed a ten-year strategic plan – our Plan for Excellence²⁵.

Environment

We have a systematic plan to improve environment, health and safety performance – the EHS Plan for Excellence. Our long-term goal is to drive down manufacturing impacts and switch to using renewable resources so that our operations become increasingly compatible with the principles of sustainable development.

We have identified appropriate parameters to track progress in each of our main impacts. Following the formation of GSK we established baseline values for these parameters in 2001 and set improvement targets to be achieved by the end of 2005 (see chart, page 22).

An important element of our approach is consultation with people outside GSK – either experts or community neighbours who may be affected by our sites. We do this routinely and at several levels. The aim is for our stakeholders to have access to the information they need and the opportunity to tell us what they think and how they want us to improve.

Important environmental issues include:

Air quality – Volatile organic compounds (VOCs) used as solvents in manufacturing can contribute to the formation of smog.

Climate – Burning fossil fuels for energy produces carbon dioxide which contributes to global warming and climate change.

Ozone depletion – Some of our products and manufacturing processes use CFCs. These gases damage the ozone layer if released into the atmosphere.

Waste – Some of the raw materials used in pharmaceutical production processes are hazardous and require special disposal methods.

Water – Waste water discharges from manufacturing sites require treatment before they are released.

nt safety

Technological changes improve materials recovery

New technology can help improve our environmental performance. GSK's manufacturing site at Ulverston in the UK has introduced a new membrane filtration system that has reduced hazardous waste by 50 tonnes and emissions of VOCs by 3 tonnes per annum. The new system saves the site around £1 million a year.

Ulverston is one of our largest primary manufacturing plants with over 600 staff on a 60-acre site. It is situated near the Lake District, an area of natural beauty and ecological importance. The plant makes active ingredients for many of our antibiotics.

Acetone, a VOC, is used as a solvent during manufacturing when axetil, an oral antibiotic, is spray dried. This process ensures the medicines can be absorbed efficiently from the stomach and gut into the patient's bloodstream. Acetone is also used to wash the equipment used in processing.

Antibiotic residue in the acetone is valuable and needs to be recovered before disposal of the acetone. Previously this was done in a remote area of the site but the system was inefficient so a lot of the product was wasted. Acetone is highly flammable so pumping it across the site created a potential health and safety risk.

In 2002 the site introduced a new membrane filtration system. This separates antibiotic from other residues in the acetone, allowing it to be concentrated for more efficient recovery. As a result of installing the new equipment, the overall process has become much more efficient. Up to 97% of the antibiotic is now recovered, so there is less waste. The filtration system was installed next to the production building, reducing the amount of solvent transferred across the site and the health and safety risks.

The site won a GSK CEO's EHS Excellence Award in 2003 for its work in implementing the new system.

Progress in 2003

Our performance relating to resources, waste disposal, climate change and air quality improved during 2003. Some of our targets and the percentage reductions achieved are shown in the chart.

During 2003 we made particularly good progress toward our targets in six areas. Comparing with 2001 figures, the year we set our targets, and with all measures normalised against sales, energy consumption was down 8%, associated global warming potential was down 8%, water consumption was down 17%, ozone depletion potential from production was down 64%, ozone depletion potential from ancillary sources was down 66% and hazardous waste disposed was down 8%.

CFCs are used as propellants in metered dose inhalers (MDIs) and we also use ozone depleting substances for refrigeration. When a patient uses an MDI the propellant is released into the atmosphere. This is our largest source of CFC emissions, amounting to 782 metric tonnes, about 92% of the total. Releases from our factories that manufacture MDIs are our second most significant source and refrigeration is the smallest. Replacement of MDIs using CFC as a propellant with alternative technologies has cut

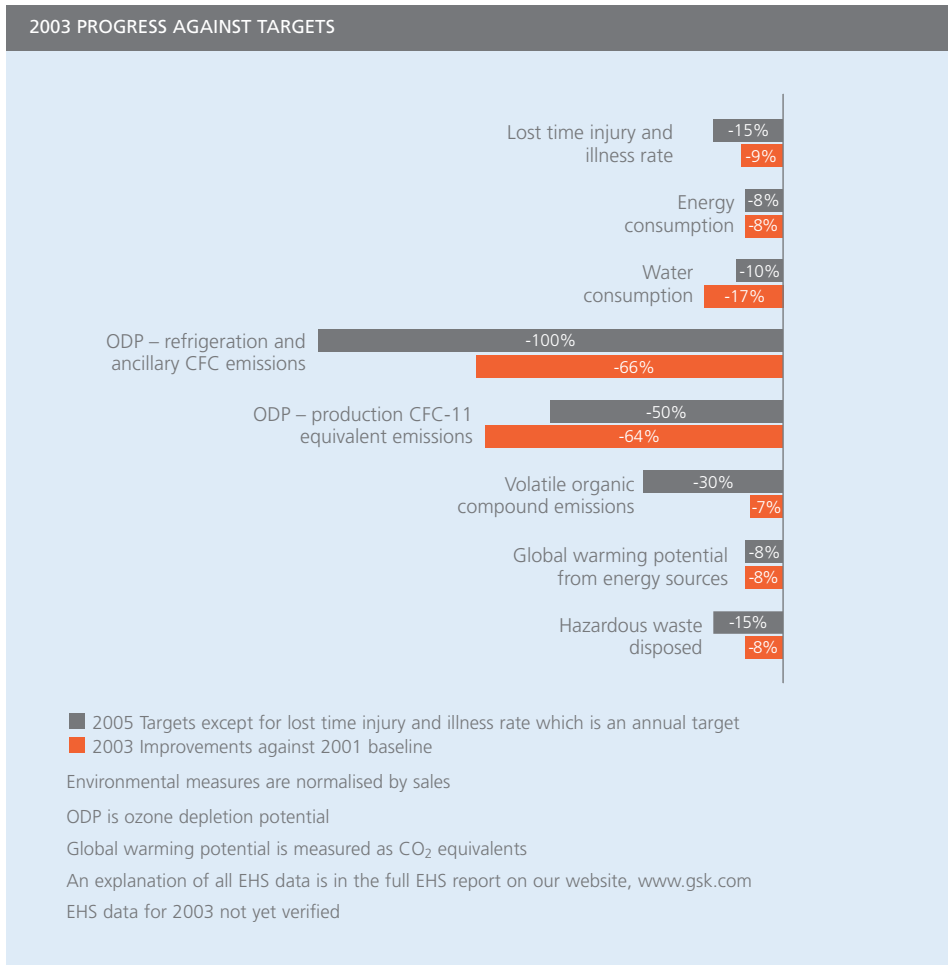
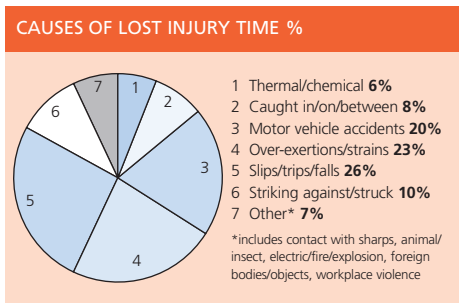
emissions from the use of inhalers and from manufacturing, resulting in 48% less ozone depleting potential overall.

Health and safety

The health and safety of our employees and contractors is a high priority for GSK. The risks and hazards associated with our products and operations are systematically assessed and measures are taken to protect employees and others coming into contact with the hazards.

We track the number of cases of injury or illness resulting in time off work and have set a challenging target of reducing this by 15% every year until 2005. In 2002 we cut our injury and illness rate by 21%, and in 2003 we reduced it by a further 9%.

We also monitor the causes of incidents and assess what can be learned to avoid similar injuries again. The main causes of injury are slips, trips, falls, strains from over-exertion and motor vehicle accidents. We deeply regret that during 2003 there were five work-related fatalities among GSK employees. Four died in driving accidents and one from mesothelioma due to asbestos exposure in the 1950s. In addition, one contractor died in a fork-lift truck accident.



Valuing people

5
Valuing people

GSK employs over 100,000 people in 117 countries. Getting the best from our people is vital to the success of our business and a key source of competitive advantage.

Below we report on:

- our work to embed the GSK Spirit and culture across our operations worldwide
- the development of our diversity initiatives
- introducing human rights standards into our procurement processes.

The GSK Spirit

This sets out the values and qualities we expect employees to embrace in their work.

Its principles are:

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

Getting our culture right

We aim to build a culture in which our people are clear about the company's expectations and instinctively "do the right thing". Each of our operations has been working with employees to ensure they understand and adopt the principles of the GSK Spirit. Our approach is tailored to reflect local circumstances, with events including workshops, team meetings, presentations and awards. For example, GSK in Nigeria used a costumed storyteller to introduce the Spirit to employees. In Argentina every employee attended a half-day culture awareness workshop.

Our leadership development programmes are designed to encourage employees to apply the GSK Spirit. These programmes are available to managers globally at all levels. This year 286 people attended Leadership Edge, our global programme for senior managers, and 235 attended Leadership@GSK, the programme for middle managers. The programmes are designed to help managers to achieve performance through others and to increase their insight into differing work styles, strengths and motivations.

More than two-thirds of GSK employees participate in our individual appraisal process, Performance and Development Planning (PDP). This helps employees set objectives, rewards strong performance and helps them identify the training they need to develop their careers. As part of the PDP process, employees and their managers assess how well they have implemented the GSK Spirit in their work, and this can have a significant impact on the bonus payments awarded to eligible employees.

We use a global survey of 11,000 managers to help us analyse how effectively we are building the GSK Spirit. Last year we reported on the 2002 results, which were generally positive. Since then, work has been taking place to address areas identified for development. Progress will be measured when the next survey takes place during 2004.

Diversity

GSK is committed to employing a diverse workforce. Both individual employees and GSK benefit from a workplace where talented people can thrive, and where their diversity of background, culture and outlook helps us better understand the needs of patients and customers worldwide. Our aim is to create an inclusive work environment free from discrimination on grounds of race, ethnicity, gender, religion, sexual orientation, disability or age.

We held our first Diversity & Multi-Cultural Marketing Awards in Philadelphia in May 2003. The awards, which will be made annually, have been set up to demonstrate the impact diversity can have on improving business performance, and to share best practices around the company.

Current diversity initiatives include our Women in Leadership programme in the US to support career development. Additionally in 2004 we will be holding a Women in Science day in the UK to attract more female science graduates into the industry. We are also undertaking a review in the UK of how we can improve the working environment and access to our facilities and websites for disabled employees, potential employees and visitors. This will conclude in early 2004.

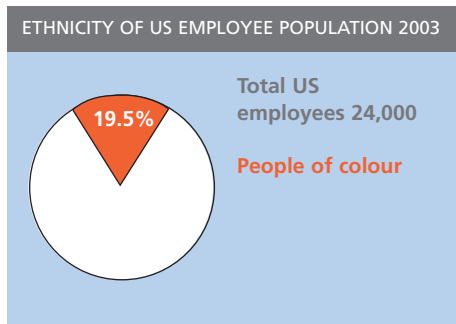
In 2003 we widened the scope of our employee networks in the US, with new groups for sales staff and in the Delaware Valley. Our broad spread of existing network activities includes career development programmes for Asian, African American, Hispanic and gay and lesbian employees.

GLOBAL MANAGEMENT POPULATION BY GENDER 2003			
	MEN	WOMEN	TOTAL
Bands A & B*	550 (80%)	135 (20%)	685
Bands C 1-3**	2,557 (69%)	1,158 (31%)	3,715
Bands C 4-5***	4,221 (63%)	2,432 (37%)	6,653
Total	7,328 (66%)	3,725 (34%)	11,053

* Corporate Executive Team, Vice Presidents and Senior Vice Presidents
 ** Director Level
 *** Manager Level

This year we have seen an increase in the number of women in management positions in the company from 32% in 2002 to 34% in 2003.

We report ethnicity data for US employees. In 2002 people of colour accounted for 19.0%. This increased very slightly in 2003 to 19.5% of the US workforce of 24,000. We intend to collect and report ethnicity data for our UK operations for 2004.



Human rights

Compliance with our human rights requirements has been included as one of our criteria for selecting suppliers. We are also introducing binding clauses into our procurement contracts which require suppliers to meet our standards on human rights.

In 2003 we began incorporating human rights clauses into our central contract templates for use with new suppliers. This process will be completed in 2004. We are also adding these clauses to contract templates used by local operations.

Risk of human rights issues varies around the world, and where appropriate we are contacting major existing suppliers to assess whether they meet our standards. Key suppliers have been asked to confirm in writing that they comply, and the requirements are being introduced into existing contracts when they are reviewed.

We have contacted over 400 suppliers so far to gain their agreement to the standards. To date no companies have declined to co-operate, and we are following up with those that have not yet responded to our request.

Questions on human rights issues have been added to the standard list of topics discussed at supplier visits by our procurement and EHS global audit teams.

If a supplier is found not to meet our standards we will work with them to achieve compliance. We will conduct regular audits to ensure that they have improved their performance so it is in line with our requirements. We will terminate a contract if a supplier will not or cannot work towards compliance.

Implementing the GSK Spirit in Consumer Healthcare India

In a country as diverse as India, creating a unified spirit and culture is critical to the success of GSK's Consumer Healthcare business.

The main product is *Horlicks* which is a major consumer brand in India. The business employs 3,000 people at ten sites. Employees are drawn from across India so there are huge differences of background, religion and culture. At least four different languages are commonly spoken in the workplace.

Each site has developed initiatives to bring the GSK Spirit to life and enable employees to understand its relevance in an Indian working environment. These are supported by business-wide tools such as a Spirit website with regularly updated games and quizzes on how to apply the Spirit in practice.

The company's Nabha manufacturing site in the rural Punjab area, where literacy rates are low, uses posters with cricket cartoons to illustrate the Spirit's principles. Employees have also made their own motivational film for use in team meetings.

Employees at manufacturing sites are encouraged to get involved in our global 'Operational Excellence' campaign and demonstrate passion in their work, by developing a 'Just do it' (JDI) concept. These are simple ideas to improve efficiency and effectiveness. In 2003 every one of over 1,000 employees at Nabha contributed at least one JDI, including ideas to improve health and safety and reduce waste at the site. JDIs developed at our Sonapat plant helped save over £30,000 during 2003.

Employees are rewarded for their ideas through Spirit recognition awards.

The company's focus on getting its culture right has helped it gain recognition as one of India's top employers. In 2003 it was declared fifth best employer in the annual Business Today/Hewitt awards, which are partly determined by employee feedback.



Operational Excellence



THE FOUNDATION STONE OF
WIGGINTON MILLS FACTORY
WAS LAYED BY
MR. J. H. B. HARRIS ON THE 14th MARCH 1914
BY
FRANK JONES MALDEN & CO. LTD.
AS GENERAL MANAGERS
OF THE FACTORY



Research and development

Medical research can give rise to ethical concerns and we engage openly in constructive debate on these matters. Here we discuss the disclosure of clinical trial information and the use of animals in research.

Evaluating potential new medicines in clinical trials is an essential and mandatory step in developing new treatments. Trials may also be conducted once a medicine is on the market to further investigate its role in the treatment of patients. In all studies, our first concern is the safety and well-being of trial participants and future patients.

Our clinical trials are conducted in accordance with all applicable laws and regulations, as well as recognised principles of good clinical practice. We are legally obliged to disclose all data from clinical trials to the regulatory authorities when we seek approval for a new product.

Approval to market a product is only given if the regulators are satisfied that the product is safe and effective, and can be manufactured to high and consistent quality standards. After a medicine or vaccine has been approved for marketing, we continue to provide regulatory authorities with further safety information.

We believe that healthcare decisions should be made in the knowledge of all relevant information. GSK supports scientific and medical progress by making the results of clinical trials more widely available. Whenever possible, we publish our clinical trial results in peer-reviewed scientific and medical journals and in conference abstracts and proceedings. The research and healthcare communities look to these sources for current information.

We worked with other pharmaceutical companies in 2002 to help clarify the industry's approach to the communication of clinical trial results and to develop the PhRMA Principles on the Conduct of Clinical Trials & Communication of Clinical Trial Results²⁶. We fully support these principles and apply them to all our clinical studies worldwide.

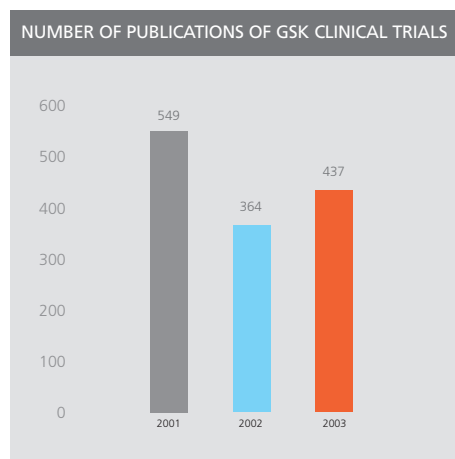
In particular we reaffirm our commitment to:

- The timely communication of all meaningful results of controlled clinical trials of marketed products or investigational products that are approved for marketing, whether the results are positive or negative

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- Review and discuss manuscripts with the clinical investigators who conducted GSK-sponsored studies before they are submitted to a journal or conference for publication
- Ensure that anyone who contributes significantly to the study and writing or revising of the manuscript receives appropriate recognition as an author or contributor when the manuscript is published
- Publish results gathered from all the centres involved in a multi-centre trial before those from individual centres.

Publication in journals and at many conferences is subject to peer review and is at the discretion of journal editors and conference organisers. This means that GSK cannot guarantee that clinical trial information will be published in these ways. We are therefore assessing additional options to communicate clinical trial information.



The number of publications each year depends on the number of trials completed and the number accepted for publication.

In 2003 437 papers describing the results of GSK's clinical trials were published in journals and at conferences.



Advancing management of heart disease

Heart failure is a serious condition, with five million people affected in the US alone. Half of these patients will die within five years of diagnosis and new treatments are urgently required.

GSK, partnering with another company, rose to this challenge by investigating new uses for *Coreg*, a GSK beta-blocker medicine for treating high blood pressure.

Clinical trial results were positive, demonstrating that adding *Coreg* to current medication reduced the mortality rate among patients with heart failure by 35% and slowed progression of the disease. This can help patients to live longer and to feel better.

The product licence was expanded so *Coreg* can now be prescribed by doctors for treatment of heart failure as well as hypertension.

This was the first time a beta-blocker was shown to be effective and safe in treating heart failure. Previously it was believed that beta-blockers were unsafe in heart failure patients.

Animal research

Animal research is essential to understand disease. It enables us to evaluate the effectiveness and safety of new medicines before they are given to people. Regulations require the use of animals to establish that new medicines are safe and to test some types of vaccines after each batch is produced²⁷.

We believe it is important to explain the need for animal research and to be open about what we do. We host visits from schools and colleges, animal welfare organisations (such as the RSPCA) and other stakeholders to our laboratories in the UK. In 2003 we also made over 70 visits to UK schools to discuss issues arising from animal research. We consult with other organisations such as the Nuffield Council on Bioethics and the Universities Federation for Animal Welfare.

GSK has 12 animal research facilities in the US, Europe and Japan. Some research (approximately 4%) is conducted by external contractors on our behalf.

Over 99% of the animals we use are rodents. The remaining 1% includes fish, amphibians, rabbits, pigs, dogs, cats and primates.

We are committed to the 3 Rs: reducing the number of animals used in each study; refining studies to minimise pain and maximise the information obtained from each animal; and replacing animal studies with alternative methods wherever possible.

For example, we have replaced many animal studies with new research methods such as computer modelling and tests on isolated cells and tissues. We have refined many procedures to use non-invasive techniques such as magnetic resonance imaging, which have helped to reduce the number of animals used in each study.

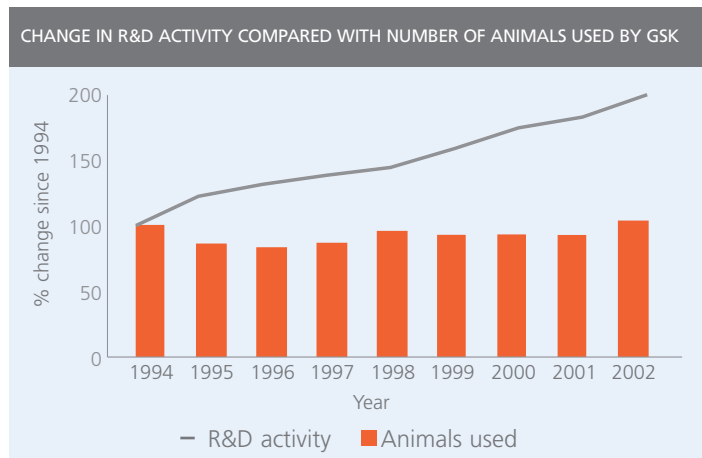
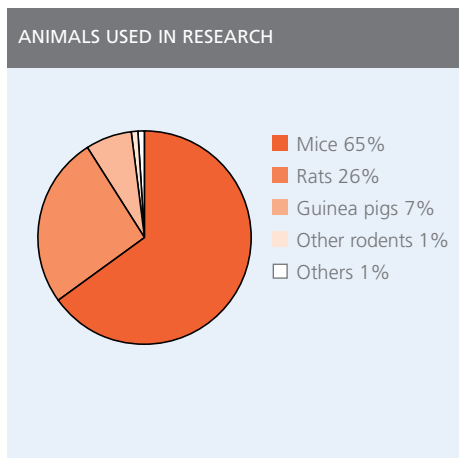
We run award programmes to encourage researchers to find alternative approaches to the use of animals. GSK's R&D Chairman presents several Animal Welfare Awards each year to employees who have made outstanding advances in implementing the 3 Rs. Our annual European GSK Laboratory Animal Welfare Prize²⁸ (for external laboratories) is awarded to individuals or groups who have developed new techniques that enhance our ability to implement the 3 Rs. This year's winner was the Norwegian Reference Centre for Laboratory Animal Science and Alternatives.

This approach is achieving results. The number of animals used by GSK is broadly the same as nine years ago despite a significant increase in R&D activity.

The number of animals used may fluctuate from year to year and depends on several factors such as the number of compounds in research and development, regulatory requirements and the introduction of new non-animal research techniques.

Our laboratories comply with strict national laws, guidelines and codes of conduct and are regularly inspected by government agencies. Our employees and any laboratories working on our behalf must also follow a GSK code of practice. Research teams ensure that studies are refined to minimise any animal suffering.

We also obtain additional independent evaluation from the Association for Assessment & Accreditation of Laboratory Animal Care (AAALAC) International, which gives accreditation to sites that meet the highest standards²⁹. All seven of GSK's animal laboratories in the US and UK are accredited. We have made good progress working towards accreditation of sites in continental Europe and Japan and plan to complete this process as soon as possible.



Figures normalised to 1994 levels

Discussion with others

Engaging with stakeholders is an important aspect of our approach to corporate responsibility. We believe it is essential to listen to other people's views and to communicate our own opinions externally.

We interact with many different people and groups who are interested in our business or affected by our products and operations: employees, investors, doctors, patients, suppliers, non-governmental organisations (NGOs), multilateral agencies, governments and local communities. Much of this discussion takes place as part of the normal course of business. We also have meetings specifically to review corporate responsibility issues, for example with socially responsible investors and NGOs.

Communication with employees

Internal communication is particularly important. We aim to keep everyone well informed and involved in company activities, and we seek their feedback. We have a range of initiatives to ensure that we reach employees right across the company. These include:

- myGSK, our global intranet site, with updates on company and industry news and a Q&A page where employees can put questions directly to the CEO. Up to 100 questions are answered each month.
- Behind the News, a section of the GSK intranet, giving the company's position on important issues linked to press clippings about GSK.
- Spirit, our internal magazine, is available to employees company-wide four times a year.
- An events programme with more than 100 meetings in 2003. Events enable employees at all levels to meet the CEO and senior management and discuss the progress of the business, to raise questions and to give feedback.
- Employee satisfaction surveys give us feedback on our company programmes and identify areas where we can do better. Our global survey in 2002 involved 11,000 managers from around the world. The next management survey will take place in 2004.
- At a local level, many sites produce regular newsletters for staff, often spotlighting environment, health or safety issues and programmes.
- Confidential feedback mechanisms enable employees to raise concerns. These include integrity helplines in the UK and US.
- In Europe our Works Councils and European Employee Consultation Forum provide regular opportunities for employees and company management to discuss issues.

Discussion with external stakeholders

The way we interact with these groups depends very much on their needs and the type of work we are doing with them. Here are some of the ways we interact:

Stakeholder	Type of communication
Healthcare professionals (for example, doctors and pharmacists)	<ul style="list-style-type: none"> • We meet regularly with doctors and pharmacists to tell them about our products and discuss any issues and concerns they may have. We also conduct market research among doctors and other healthcare professionals to get feedback. • We work with medical organisations to develop and sponsor continuing medical education for doctors and other healthcare professionals such as accredited training courses in asthma care for nurses. • We partner with healthcare professionals to design and conduct clinical trials and research projects. • Research results, including those from our clinical trials, are peer-reviewed and published in medical journals.
Governments and regulators	<ul style="list-style-type: none"> • We have regular dialogue with regulators to share information on new science and technologies. For example, we have supported a genetic research education programme to discuss issues raised by genetics and its potential applications in healthcare. • Our operations liaise regularly with environment, health and safety authorities to ensure we are complying fully with our legal obligations. Many of our specialist environment, health and safety employees also participate in government committees and consultations to help develop better regulation for the future. • In 2003 we sponsored the annual conference of the UK Environment Agency, where GSK's work on 'green' chemistry was acknowledged in a presentation by Baroness Young, Chief Executive of the agency.
Investors	<ul style="list-style-type: none"> • Senior managers present final year-end results to institutional investors and analysts in London and New York. There are also teleconferences after the release of quarterly results. These presentations can be accessed via our website. • The Annual General Meeting takes place in London. This includes a business presentation to shareholders, and Directors are available to answer questions. • Senior managers discuss the company's plans, objectives and governance with institutional shareholders. This includes regular meetings and participation in external investor conferences. • We held an R&D day in December 2003 to inform investors about products in our development pipeline. • Our annual Corporate Responsibility forum for investors was held in July. Senior GSK managers with expertise in relevant areas met representatives of more than 30 investment funds and rating agencies and responded to their questions. • We also meet regularly with investors to discuss our corporate responsibility policies and performance. Meetings held in 2003 included discussions on all the key impact areas addressed in this report.

Stakeholder	Type of communication
Non-governmental organisations and communities	<ul style="list-style-type: none"> • We discuss approaches to the healthcare needs of developing countries with NGOs such as Médecins Sans Frontières, Freedom from Hunger and Oxfam. • We work with NGOs, patient groups and consumer groups, for example on smoking cessation, asthma and vaccination campaigns. • Through our community investment programmes we work in partnership with organisations and community groups. We meet together regularly around the world to evaluate progress in meeting local community needs. • Our Environment, Health and Safety (EHS) Workshop in September 2003 brought together key NGOs, trade unions and government representatives to discuss our environmental performance and our long-term strategy for achieving leadership and excellence in EHS. The key issues highlighted by this discussion will form part of our improvement programme in 2004. • We partner with a number of environmental NGOs. Examples include sponsoring Green Alliance in a project to raise awareness of the links between environment and health and funding Earthwatch to send school teachers on conservation projects. • We host tours of our laboratories and visit schools to help improve understanding of scientific research, for example the use of animals. • Many of our operations produce newsletters to keep local communities informed of their work, and each year several sites host open days. At many GSK sites, employees undertake projects to improve the environment in their local area. A number of our operations also have outreach projects. For example, in 2003, a <i>Horlicks</i> plant in Rajahmundry, India, was recognised with the CEO's EHS Excellence Award in Community Partnership for local projects including the provision of drinking water to villages experiencing drought, donation of desks and chairs to schools, building a bridge to improve access to a school, and organising a de-worming programme for children.
Scientific community	<ul style="list-style-type: none"> • We collaborate with academics, researchers and other pharmaceutical companies to research and develop new treatments and encourage the transfer of expertise and skills. • We work with education authorities to develop and sponsor initiatives that further science education in schools, for example through our INSPIRE programme. • We hold a regular science policy conference in the UK, in partnership with government and non-government stakeholders, to discuss issues of common interest. The 2004 meeting will discuss clinical sciences in the UK. • We sponsor university research in environment, health and safety issues, including projects in 'green' chemistry, eco-efficiency and alternative technologies to reduce environmental impacts.
Multilateral agencies	<ul style="list-style-type: none"> • We regularly meet with UN agencies, including the WHO, UNAAI, Unicef and the Global Fund to Fight AIDS, TB and Malaria, to discuss a wide range of issues. These include addressing the HIV/AIDS epidemic through preferential pricing arrangements, creating public/private partnerships for R&D into diseases of the developing world and targeting our product donations. • We collaborate with the WHO, Ministries of Health and 40 other partners as part of the Global Alliance to Eliminate LF. • We take part in the annual WHO-IFPMA round tables at which the WHO and industry discuss partnership opportunities to improve global health.

Web references

Our corporate website can be found at www.gsk.com

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Internet

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Our Reports



ANNUAL REVIEW

A review of major themes for 2003 and an abridged version of the financial results.



ANNUAL REPORT

The full financial statements for 2003.



CORPORATE RESPONSIBILITY REPORT

A review of our commitment to society and the environment.

Every day, all around the world, GlaxoSmithKline is trying to improve people's lives and have a positive impact on all its stakeholders. This year's reports emphasise this far-reaching commitment.

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