



GlaxoSmithKline

Do more, feel better, live longer

The Impact of Medicines

Corporate and Social Responsibility Report 2002





Corporate responsibility is an integral part of our business – it is inherent in the mission of our company. GlaxoSmithKline makes a significant positive contribution to society around the world, through the medicines and healthcare products that we research, develop, manufacture and sell.

Contents

01 A global challenge	20 Valuing people
02 The scope of our business	24 Environment, health and safety
04 Our contribution to society	28 Business ethics and integrity
06 Medicines for the developing world	32 Management of CSR
12 Community investment	33 Web references
16 Research and development	



Annual Report



Annual Review



Corporate and Social Responsibility Report

Impact of Medicines cover story

Although a generation separates them, Bettina Bartels and her son Philippe are able to lead active lives despite both suffering from asthma. Their story can be found in our Annual Review. On page 5 of this report, Dr Vincent McGovern gives his perspective on asthma management as both a patient and a doctor.

During 2002, we...

- invested a total of £239 million in global community activities, product donations and charitable contributions – more than any other UK company;
- donated 66 million albendazole tablets, worth £8.7 million, to 31 countries to support the prevention of lymphatic filariasis;
- increased shipments of our *Combivir* HIV/AIDS treatment at preferential prices to the developing world to nearly 6 million tablets, up from 2.2 million in 2001;
- worked with other companies to establish new industry Principles on the Conduct of Clinical Trials and Communication of Clinical Trial Results; and
- surveyed 10,000 of our managers on their views of GSK's Spirit and culture.

A global challenge

The responsible behaviour of all types of organisations, including multinational companies, governments and charities, is high on the public agenda and stimulates considerable debate. Last year, in our first review of corporate and social responsibility, which covered GSK's first year as a new company, we set out our commitment to connecting business decisions to ethical, social and environmental concerns¹.

In this report, which covers activity during 2002, we cover the issues that have generated significant interest from stakeholders. We have made good progress this year, including developing indicators that will enable us to show our progress in addressing these issues. We will continue to build on these steps to increase the transparency of our operations. In this way we expect to give our stakeholders the same confidence in the value of our business that we feel ourselves.

Corporate responsibility is an integral part of our business – it is inherent in the mission of the company. GSK makes a significant positive contribution to society around the world, through the medicines, vaccines and healthcare products that we research, develop, manufacture and sell.

Our products must improve people's lives to ensure a profitable and sustainable future for our business. We also understand that it is not just how much profit we make that matters. Stakeholders, including employees, want to know how we make this profit, and to be reassured of the sound ethical basis for our business.

We could not run our business effectively without talking with, and listening to, the many groups our business impacts. Discussion with stakeholders is a part of our everyday work. This is very much a two-way relationship because the views and expectations of stakeholders directly affect us.

We consult widely, both formally and in less formal ways. The diversity of our stakeholders, for example patients, customers, healthcare professionals, governments, non-governmental organisations and shareholders, inevitably gives rise to very different and sometimes conflicting demands for us to consider. We will continue our constructive engagement to guide us in running a successful business that contributes to meeting the needs of society.



Sir Christopher Hogg
Chairman



JP Garnier
Chief Executive Officer

GlaxoSmithKline researches, develops, manufactures and markets medicines and consumer health products around the world.



The scope of our business...
over **100,000** employees
operating in **150** countries,
with more than **20** research
and development centres in
8 countries and production
facilities in **38** countries.

Key impact areas

R&D – DISEASES OF THE DEVELOPING WORLD

Continuing our commitment to find preventions and treatments, particularly for HIV/AIDS, malaria and TB (page 7)

MEDICINES FOR THE DEVELOPING WORLD

Facilitating access to medicines and improving health and education through partnerships (page 8)

COMMUNITY INVESTMENT

Improving the quality of life of under-served people in the developed and developing world (page 13)

ETHICAL ISSUES IN R&D

Considering the questions that arise from the research and development of new medicines and vaccines (page 17)

GlaxoSmithKline

The scope of our business



GlaxoSmithKline operates in the pharmaceutical and consumer healthcare sectors, making prescription medicines, vaccines, over-the-counter medicines, oral care and nutritional healthcare products.

Our business is founded primarily on research and development to discover, develop, register,

commercialise and support effective marketing of prescription medicines, vaccines and delivery systems for the treatment and prevention of human disease. We employ over 15,000 staff in R&D and have more than 20 R&D sites worldwide.

Our portfolio of products ranges from tablets and toothpaste to inhalers and capsules. We make over 36,000 different pack sizes and presentations. We have a network of 95 manufacturing sites in 38 countries and employ more than 33,000 in manufacturing and related support functions. Each year we produce over four billion packs, which are delivered for sale in over 150 countries.

The pharmaceutical industry is highly regulated, with every stage from discovery to sales and marketing closely controlled. Our stakeholders are many and their expectations can be very different.

Thus, size and complexity make this a challenging business. This raises many questions about what we do, and how and why we do it. Our main impacts on society, and how we manage these, are described in this report.

FINANCIAL PROFILE 2002

SALES	£21,212m
TRADING PROFIT (Business Performance)	£6,694m
R&D SPEND	£2,900m

SALES

USA PHARMACEUTICALS	46%
EUROPE PHARMACEUTICALS	22%
INTERNATIONAL PHARMACEUTICALS	17%
CONSUMER HEALTHCARE	15%

Information on financial performance is available in the Annual Report and Accounts.

DEVELOPING OUR EMPLOYEES

Attracting, rewarding and motivating people in a safe and healthy workplace (page 21)

SUPPORTING HUMAN RIGHTS

Respecting the rights and interests of all those affected by and involved in our business (page 22)

CARING FOR THE ENVIRONMENT

Using resources efficiently and minimising negative environmental impacts (page 25)

BUSINESS ETHICS

Ensuring our employees understand and implement our Code of Conduct and policies for ensuring ethical business practices (page 29)

Our contribution to **society**

The main activity of our company is to develop medicines, including vaccines, that make a valuable contribution to society. These medicines save lives, relieve suffering, and treat and often prevent disease. They improve the quality of life of patients and their carers. They also enable people to carry on with their lives and often reduce the cost of managing an illness.

The positive effect our medicines have on people's lives is one of the factors that motivates our employees. The nature of what we do gives them the opportunity to make a difference to the health of millions of people around the world.

CHANGING EXPECTATIONS

With advances in medicine, society has changed its expectations of healthcare. Diseases that once had a devastating impact are now controlled through improved healthcare management and with better medicines and vaccines. This has led many people in the developed world to take good health for granted.

For example, a generation ago polio was one of the world's most feared infectious diseases. Thanks to the worldwide vaccination initiative co-ordinated by the World Health Organization² and to the major contribution of our vaccines business, the global elimination of polio is in sight.

"GSK is opening up the door for significant savings to an estimated 10 million Americans. That will make a tremendous difference in the lives of so many people."

Tommy Thompson US Secretary of Health and Human Services on launch of the Orange Card

In developed countries, because of the availability of effective antibiotics and vaccines, we no longer expect our children to be at risk from infectious diseases. The challenge is to extend these advances to developing countries.

The number of diseases where research has produced major advances continues to grow. However, there is still much to do. The challenge for our company is to continue to meet society's expectations by developing innovative medicines that enable people to live longer and healthier lives.

ACCESS TO MEDICINES

We also want to play a part in improving the healthcare of people who currently have limited access to our medicines. Our programmes in developing countries are set out on page 7.

In the US, we are helping to improve access to medicines for low-income senior citizens and the disabled who lack prescription drug coverage through public or private insurance programmes. In late 2001, GSK launched the Orange CardSM, which offers savings on the company's prescription medicines. This was the first programme of its kind in the US, with participants required simply to present the card to their pharmacists to receive the savings. In addition, last year GSK's Patient Assistance Program provided medicines worth over £112 million to more than 400,000 low income patients in the US who do not have medical insurance.

Following the positive response to the Orange Card³ from patients, doctors, and companies, GSK and six other pharmaceutical companies launched a joint scheme in 2002. The Together RxTM Card⁴ provides eligible senior citizens and the disabled in the US with a single, easy-to-use card to receive savings on the prescription medicines of the seven companies involved.

These programmes are having a real impact on the lives of disadvantaged people across the US.

Case study



Asthma-related deaths and hospital admissions have declined, but the incidence of asthma is growing. Asthma remains a major health issue worldwide. We focus on what matters to patients, concentrating on their quality of life.



DEVELOPMENT OF OUR ASTHMA TREATMENTS

- 1970s *Ventolin* (bronchodilator) Relieves breathlessness for 3-6 hours per dose
- 1970s *Becotide/Beclovent* (corticosteroid) Reduces the inflammation in the lungs that leads to asthma symptoms
- 1990s *Serevent* (bronchodilator) Relieves breathlessness for up to 12 hours per dose
- 1990s *Flixotide/Flovent* (corticosteroid) More effectively reduces the inflammation in the lungs that leads to asthma symptoms
- Today *Seretide/Advair* (bronchodilator/corticosteroid) The first asthma product that relieves breathlessness for up to 12 hours per dose and reduces the inflammation that leads to asthma symptoms, in one easy to use device

DR VINCENT MCGOVERN, A GENERAL PRACTITIONER IN BELFAST, UK, GIVES HIS PERSPECTIVE ON ASTHMA MANAGEMENT AS BOTH A PATIENT AND A DOCTOR.

A Patient's Perspective – “The management of asthma has changed dramatically over the last 30 years. I was the child who wanted to play football, but had to play in goal, who had rounded shoulders and a blue inhaler in every pocket. I remember sleepless nights with emergency visits from the doctor. When inhaled steroids became available they took away the sleepless nights. The development of new treatments has made a huge impact on my life. I still have asthma, but it's well controlled by preventative treatments. I certainly don't notice I have it, and nobody else does either.”

A Doctor's Perspective – “As a GP who is also an asthmatic, I find asthma a really satisfying condition to treat. It is common, with 5.1 million sufferers in the UK. In my practice, 80 per cent of the asthmatics will have mild-to-moderate disease. I aim to achieve total control of their symptoms using current treatments, giving them a good quality of life. And the standard of patient care is getting higher, either through specialised units or one-to-one consultations with nurses or doctors. Asthma is an area where national treatment guidelines have been adopted and have had a major impact on disease management.”

Over the last 30 years our R&D organisation has produced improved medicines to treat asthma and better ways for them to be taken. These advances have been vital in enabling healthcare professionals to provide ever-improving patient care. However, asthma still causes suffering and even death, so we will continue our research with the aim of further improving the lives of the growing number of people affected by this disease.

In developing countries, millions of people lack access to the most basic healthcare services. Life-threatening diseases such as tuberculosis, malaria and HIV/AIDS are contributing to a healthcare crisis.



Medicines for the developing world

The global community must provide political will, a significant mobilisation of additional resources, and a spirit of partnership if we are to see an improvement in healthcare and quality of life across the developing world.

GlaxoSmithKline is making a vital contribution to healthcare in developing countries through action in three areas: investing in research and development (R&D) that targets diseases particularly affecting the developing world; preferential pricing of our antiretrovirals, anti-malarials and vaccines; and community investment activities and partnerships that foster effective healthcare⁵. We made significant advances in each of these key areas during 2002.

R&D FOR DISEASES OF THE DEVELOPING WORLD

Research into diseases of the developing world (DDW) is particularly important to address unmet needs, and to minimise the intrinsic threat in all infectious diseases of resistance developing to existing treatments.

A dedicated DDW group has been created within GSK's R&D organisation to ensure a focus on this area. Projects are prioritised primarily on their socio-economic and public health benefits rather than their commercial returns. Our DDW research is now focused in dedicated facilities at Tres Cantos in Spain (see page 11).

We believe GSK has the industry's most extensive portfolio of DDW R&D projects and marketed products, and that we are the only company undertaking R&D into the prevention and treatment of all three of the World Health Organization's priority diseases in the developing world – HIV/AIDS, tuberculosis and malaria. GSK focuses on these three diseases. We are also an industry leader in collaborating with external partners that want to use our specialist infrastructure or expertise.

DDW DEVELOPMENT PIPELINE at end of 2002

	PRE-CLINICAL ACTIVITY	PHASE I	PHASE II	PHASE III	MARKETED
Vaccines	✓	HIV Dengue fever	Hepatitis E Rotavirus Meningitis B Malaria N. meningitidis	S. pneumoniae paediatric	<i>Havrix</i> (hepatitis A) <i>Engerix B</i> (hepatitis B) <i>Twinvix</i> (hep A & B) <i>Infanrix</i> (diphtheria, tetanus, acellular pertussis) <i>Tritanrix</i> (diphtheria, tetanus, wholecell pertussis) Polio Sabin (polio) <i>Priorix</i> (measles, mumps and rubella) <i>Typherix</i> (typhoid) <i>Hiberix</i> (haemophilus influenzae type b)
HIV	✓	NNRTI protease inhibitor	integrase inhibitor	<i>Ziagen</i> / <i>Epivir</i> combination	<i>Retrovir</i> <i>Epivir</i> <i>Combivir</i> <i>Ziagen</i> <i>Trizivir</i> <i>Agenerase</i> protease inhibitor*
Malaria	✓	CDA		tafenoquine	<i>Malarone</i> <i>Halfan</i> <i>Lapdap</i> *
TB	✓				
Other				sitamaquine oxibendazole	<i>Zentel</i>

* being registered and not yet marketed.

R&D into diseases that primarily affect the developing world, such as malaria, differs in important respects from efforts aimed at diseases for which a developed world market also exists, such as HIV/AIDS. The lack of a commercially viable market for DDW treatments means that public/private partnerships are essential. Major companies such as GSK can provide technological, development, manufacturing and distribution expertise, while public sector partners can help fund development costs and ensure that new medicines and vaccines get to the people who need them. The partnership approach encourages R&D and accelerates the product's uptake in the developing world.

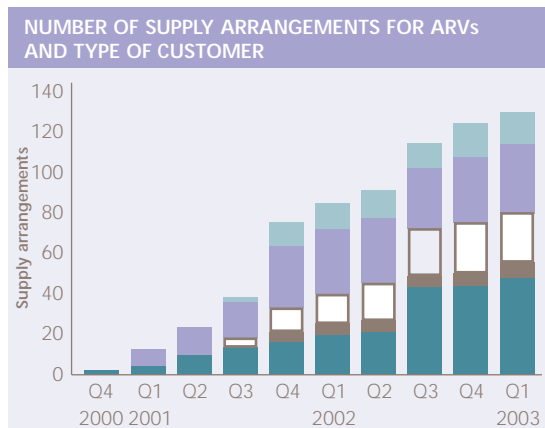
Our long-term commitment is now bearing fruit and we are hopeful that we will be able to launch several new products relevant to DDW over the next five years.

We will maintain broadly the current level of human and financial resources dedicated to DDW as a proportion of our total R&D investment. We will work assiduously, with partners when appropriate, to ensure that any promising DDW drug is made available to patients as rapidly as possible. The R&D process is lengthy and risky. However, our long-term commitment is now bearing fruit and we are hopeful that we will be able to launch several new products relevant to DDW over the next five years.

We have seen some notable progress in 2002. In HIV/AIDS the first human clinical trials of our HIV candidate vaccine commenced in February, in collaboration with the US Government's National Institutes of Health HIV Vaccine Trials Network⁶. In conjunction with other partners, GSK continues to support 29 HIV clinical trials in developing countries, including 20 in Africa. The purpose of these trials is to assess the use of antiretroviral therapy for treatment, and prevention of mother-to-child HIV transmission in resource-poor settings. Over 10,000 patients form or will form part of our HIV collaborative studies. Three thousand of these patients will be included in the DART Trial (Developing Antiretroviral Therapy) in Uganda and Zimbabwe, co-ordinated by the UK Medical Research Council.

There has been progress in malaria too. In October 2002, we submitted a regulatory application to the UK Medicines Control Agency (MCA) for *Lapdap* (chlorproguanil/dapsone) for the treatment of the most life threatening type of the malaria. MCA approval will be an important step in making *Lapdap* available across Africa, where there is great need for new malaria treatments.

Special 'Access' packs



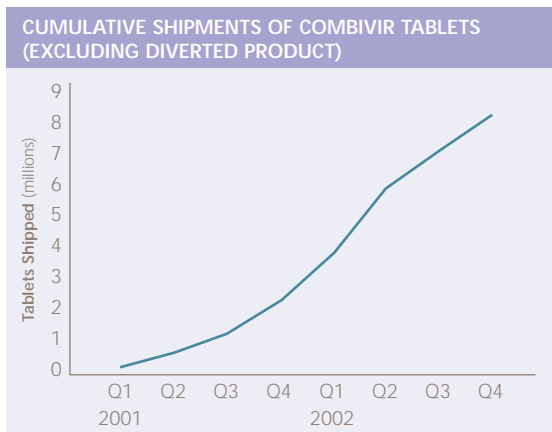
Key
 Employers NGOs AAI (Accelerating Access Initiative)
 Public Hospitals Govt Non AAI

Lapdap results from a successful partnership between GSK, the World Health Organization, the University of Liverpool, the London School of Hygiene & Tropical Medicine, and the UK Department for International Development (DFID)⁷. This is the first such product development to be directly sponsored by DFID.

PREFERENTIAL PRICING

GSK recognises that it has a responsibility to make its products as affordable as possible in the poorest countries. We have offered our vaccines to public health programmes at significant discounts for over 20 years. We set a single, sustainable, not-for-profit preferential price for each of our antiretrovirals (ARVs) and anti-malarials to a wide range of customers in the Least Developed Countries and sub-Saharan Africa – a total of 63 countries. These customers include the public sector, not-for-profit NGOs, aid agencies, UN agencies, and international purchase funds such as the Global Fund to fight AIDS, TB and Malaria. We also extend our offer of not-for-profit prices on ARVs to employers in sub-Saharan Africa who provide care and treatment through workplace clinics and similar arrangements.

GSK is committed to contributing to health improvements in a sustainable manner, so we set our preferential prices for ARVs and anti-malarials at levels that cover direct costs but on which we do not make a profit. In this way we can offer these prices for as long as patients need treatment⁸.



We have pledged to pass on cost efficiencies as shipments to the developing world increase. For instance, in September 2002, we further reduced the not-for-profit preferential prices of our HIV/AIDS medicines by up to 33 per cent and our anti-malarial medicines by up to 38 per cent⁹.

By the end of 2002, we had secured 124 arrangements to supply preferentially-priced ARVs to 50 countries. This includes 49 arrangements made during 2002. These arrangements are with a wide range of stakeholders, including governments, NGOs, public hospitals and employers such as Heineken and Anglo American, with whom we commenced partnerships in 2002.

As a result, we increased shipments of *Combivir* to the developing world from 2.2 million tablets in 2001 to nearly 6 million tablets in 2002 – the equivalent of about 3 million daily doses. These figures exclude the product destined for patients in Africa which was diverted back to Europe. The victims of this trade are HIV/AIDS patients in Africa and the only beneficiaries are the illegal importers. GSK has introduced special 'Access' packs to make this illegal trade more difficult. We look to regulatory authorities and our customers to also take measures to prevent diversion.

GSK's ability to provide preferential prices to the developing world requires a sustainable framework. Our commitment to preferential pricing must be combined with commitments from others to prevent product diversion and to avoid referencing developed country prices against preferentially-priced medicines. Clearly diversion threatens this framework.

Additionally, in 2002, we started small-scale shipments of a wider range of preferentially-priced products to the five pilot projects we have in partnership with NGOs in Tanzania, Uganda, Nigeria, Zambia and Malawi. These projects are designed to assess the impact of preferential pricing for a broader range of products.

COMMUNITY INVESTMENT PROGRAMMES

We have a wide range of partnerships in the developing world. Our focus is on health and education programmes for under-served communities around the world¹⁰. In 2002, GSK invested over £12 million in its public health programmes.

Our partners range from the World Health Organization and the World Bank to local schools and community-based organisations. Where possible, we ensure that our programmes are sustainable and can be repeated in communities with similar needs.

Our programmes comprise major initiatives in public health, support for education, product donations, and support for employee involvement activities. Our public health programmes, for example, include:

The Global Alliance to Eliminate Lymphatic Filariasis – GSK is a key partner in the global effort to eliminate lymphatic filariasis (LF), also known as elephantiasis. This is a disabling and disfiguring disease that currently affects 120 million people, and threatens a further one billion, in some of the poorest nations of the world¹¹.

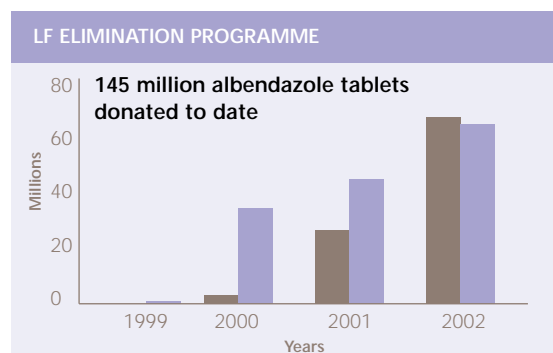
Our partners range from the World Health Organization and the World Bank to local schools and community-based organisations.

“ GlaxoSmithKline has much to be proud of in improving healthcare in the developing world through its drug distribution, research and development, and community activities. The world’s attention is focused on private companies and governments as we work together.”

Constance A. Carrino Director, Office of HIV/AIDS, USAID

GSK is a founding member of the partnership that includes the World Health Organization, the Ministries of Health of the LF-endemic countries, and 40 organisations in the public, private and academic sectors. GSK donates its antiparasitic drug albendazole, one of three drugs used to stop transmission of the disease. Over the anticipated 20-year life of the programme, this commitment will build to an estimated six billion tablets as more countries join. In addition, we provide significant financial resources and staff expertise to support coalition-building, advocacy, research, community mobilisation, and educational initiatives.

In 2002, the fourth year of the programme, 66 million tablets (worth £8.7 million) were donated to 31 countries, bringing the total number of albendazole tablets donated to date to 145 million. Grants totalling £750,000 were also made. A huge mobilisation of effort is required for the fight against LF. This is exemplified by the more than 45,000 health workers and volunteers in Sri Lanka who worked together to deliver preventative medicines to 9 million people in a single day in July 2002.



Key
 ■ Estimated patients treated (m) ■ Tablets donated (m)

Positive Action programme – In 2002, GSK’s international programme of HIV education, care and community support, backed 25 international programmes in 32 countries¹². Activities funded by Positive Action support the two-year ‘Live and Let Live’ World AIDS Campaign launched by UNAIDS on World AIDS Day 2002. For example, Positive Action-funded studies by the International Center for Research on Women, conducted in Ethiopia, Tanzania and Zambia, have confirmed that societal discrimination based on HIV fuels the spread of AIDS. Positive Action also announced funding for new community initiatives in Kenya and Mexico¹³. During the 14th International AIDS Conference, held in Barcelona in July 2002, Positive Action contributed over £90,000 to support attendance and participation of community representatives from under-resourced regions.

The GSK France Foundation – supports programmes that prevent the risk of vertical transmission of HIV; provide medical care, monitoring and treatment; and improve access and quality of care for people living with HIV. In 2002, the Foundation supported 13 programmes involving 42,000 people as part of a four year £1.3 million commitment in eight African countries¹⁴.

African Malaria Partnership (AMP) – in November three organisations were selected to share grants totalling £1.0 million over three years under the AMP. Through this programme, GSK is funding behavioural development initiatives to combat a disease that kills over one million people every year. In total nearly two million people will be reached by the programmes in the seven countries involved¹⁵.

Case study



GSK's research into Diseases of the Developing World (DDW) is centred on dedicated R&D facilities in Tres Cantos, Spain. This is in addition to our HIV/AIDS and vaccines R&D programmes.

GSK's Tres Cantos site houses major elements of our R&D high-throughput screening activities and GSK's commercial operations in Spain. However, we have now also concentrated our DDW drug research in TB and malaria – efforts with a long history in GSK – into dedicated facilities on the site, with a full-time research staff committed solely to DDW.

As well as the centre's TB and malaria focus, ideas and drug candidates for treating other neglected diseases of the developing world are pursued opportunistically, and the development of existing GSK drug candidates for such diseases will continue.

The Tres Cantos DDW scientific staff provide the wide range of skills – including chemistry, biology and toxicology – needed to better understand the disease targets and identify novel drug candidates for further development. Such a concentration of resources and skills maximises our ability to discover new medicines for DDW.

The Tres Cantos group is fully integrated with the rest of GSK's R&D in order to ensure that we can bring all the relevant skills, technologies and resources to bear to achieve success in developing such discoveries. In this regard, GSK's advantages of scale and our networks with key external partners are important.

In particular, access to GSK's world-wide clinical development organisation is vital for the effective conduct of clinical trials. However, the DDW group at Tres Cantos, and its associated DDW drug development team in London, can also call on GSK's expertise and staff in many other areas, such as screening, pre-clinical development and regulatory affairs.

The total value of our community investment activities in 2002 was £239 million.



Project HOPE airlift of GSK antibiotics to Tajikistan. Our product donations for humanitarian relief reached 73 countries in 2002.

Community investment

The focus for GlaxoSmithKline's community investments is on improving health and education.

Our programmes extend to both the developed and developing world, and most of our efforts are targeted at improving the quality of life of people in under-served communities.

We work with partner organisations around the world to ensure that the right blend of expertise is applied to each of our programmes, and we select partners who have the best experience and skills for each initiative. Programmes are selected on the basis of community need, not for their potential impact on GSK's commercial business or to increase sales of our products. We fund programmes that are measurable, sustainable and replicable and we work closely with our partners to ensure their success¹⁶.

WORLDWIDE COMMUNITY CONTRIBUTION

GSK's community investment and charitable contributions in 2002 totalled £239 million, of which £112 million was related to the company's Patient Assistance Program for financially disadvantaged patients in the US. Our corporate regional public health and humanitarian relief programmes aim to serve communities with the greatest needs. To meet local needs GSK operating companies also support numerous local community programmes.

GSK product donations for humanitarian relief are made through charitable partner organisations that have experience in delivering humanitarian relief. These charities decide where and when our product donations are most needed, and work with governments of recipient countries to ensure that they arrive safely and are distributed appropriately. For example, a donation of almost half a million treatments of our antibiotic *Augmentin* was part of an airlift of vital medicines into Tajikistan in October 2002 organised by Project HOPE¹⁷. Already struggling to overcome the effects of civil war, Tajikistan has been further challenged

by a decade of steady immigration of refugees from Afghanistan. As a member of the Partnership for Quality Medical Donations, GSK has fully endorsed and agreed to follow the WHO Guidelines for Drug Donations¹⁸.

Our public health programmes are directed to areas where specific diseases are prevalent. This means that our HIV/AIDS community programme, Positive Action, has global reach; our effort to eliminate the parasitic disease, lymphatic filariasis, is focused on endemic countries in the developing world; and our African Malaria Partnership is directed to the continent that bears the greatest burden of the disease (see page 10).

In the developed world too, our community programmes support communities in need. Our SHARE programme in the US and Canada targets health in elderly, racial and ethnic minority communities. We are providing monetary awards for innovation and sharing best practice on reducing health inequality among these vulnerable groups¹⁹.

We fund programmes that are measurable, sustainable and replicable and we work closely with our partners to ensure their success.

In 2002, the International Business Leaders Forum Award for International Corporate Citizenship was made to GSK for our PHASE programme which provides hygiene education for school children.

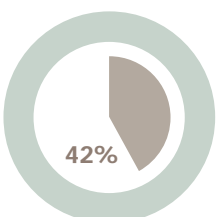
“ As a charity, Plan UK has been very impressed by GSK’s approach to partnership. They have been willing to consult with local communities, to develop materials which are easy to use, relevant to local culture and save children’s lives.”

Marie Staunton Executive Director of Plan International

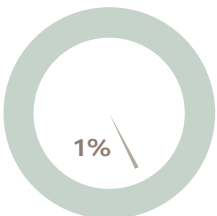
“ The PHASE programme is making a real difference to the health and well-being of local communities and is an excellent example of the positive role that business can have in society.”

Robert Davies Chief Executive of the International Business Leaders Forum

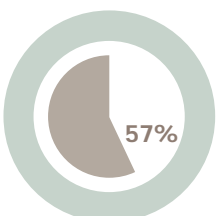
METHOD OF GIVING
(including US Patient Assistance Program)



Cash



In Kind



Product

In the UK, as part of a broad commitment to science education, we have committed up to £1 million over four years to fund INSPIRE (INnovative Scheme for Post-docs In Research and Education), a programme to boost science education in schools²⁰. This supports selected schools applying to become Science Colleges under the UK government’s Specialist Schools Programme.

GSK provides support in many different ways, for example, through donating money, products, and other in-kind donations such as office furniture, computers and surplus laboratory equipment.

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

The company follows the London Benchmarking Group²¹ model of recording our community investments. This recognised model provides a standard basis for companies to manage and report their commitments to the community.

TYPE OF PROGRAMME (excluding US Patient Assistance Program)	
Public Health Programmes (including LF)	10%
Product Donations	12%
Corporate and Regional Programmes	11%
Local Programmes	67%

Case study



A wide range of seriously debilitating and life-threatening diseases thrive in the poor living conditions found in many countries of the developing world. In Africa alone, over 3.5 million children die each year from diarrhoeal disease.

In 1998 GSK launched an initiative called PHASE – Personal Hygiene And Sanitation Education – to provide hygiene education for school children, with the aim of reducing diarrhoea-related disease and deaths associated with poor hygiene.

PHASE started in partnership with AMREF (African Medical and Research Foundation) and operates in Kenya, Nicaragua and Peru, where GSK has committed £1.2 million for its roll-out. In Latin America, GSK works with the child-focused development charity Plan International. In Kenya, 83,000 children in 247 schools are benefiting from this basic education, while in Nicaragua it will reach over 27,000 primary school children and 20,000 in Peru.

PHASE empowers children and their families to take responsibility for their own health and sanitation. Communities around the participating schools have also benefited, with most homes now

having containers for handwashing, pit latrines and refuse pits.

Evaluation of the Kenyan programme has shown that, as a result of PHASE, children have a better understanding of the causes of diarrhoea and worm infestations, and know about ways to prevent infection. Teachers have seen improvements in school attendance and report that children are now much cleaner and take better care of their personal hygiene. Data from one class show that the percentage of children who knew that washing hands after going to the toilet could prevent worms increased from 20 per cent before PHASE to 45 per cent afterwards.

The success of the programme has been such that the Kenyan government has incorporated PHASE into the national curriculum, increasing the likelihood of these benefits being available to other parts of Kenya.

We understand the need to balance the benefits that patients gain from new medicines with any risks or ethical considerations relating to new technologies.



Research and development

GlaxoSmithKline aims to produce safe and effective medicines and vaccines that benefit patients by addressing their unmet medical needs. To do this, we need to use the most recent advances in science and technology to understand diseases and to identify and test drugs.

If we are unable to take advantage of advances, patients will not have the best treatments. We understand concerns about technological advances in the R&D process, and welcome informed debate.

The R&D process is highly regulated, wherever we operate. As scientific advances raise new issues, we work closely with the regulators, policy makers and stakeholders to develop any new or refined standards. We have our own internal standards and systems to ensure that we comply with or exceed all guidelines, regulations and legal requirements.

THE ESSENTIAL ROLE OF ANIMAL RESEARCH

Basic research using animals is vital to furthering our understanding of human disease. Animal studies also provide an essential bridge between characterising potential new medicines and vaccines in the laboratory and learning about their effects in people. By law, we must assess drug safety in animals before starting clinical trials. We are committed to the three Rs – to reduce, refine and replace animal studies – and set stringent standards internally and for our external contractors. We ensure that all GSK staff conducting animal studies are thoroughly trained.

We reduce the number of animals used in research wherever we can without compromising the safety of volunteers and patients in clinical trials, and we seek as much information as possible from each animal study. The number of animals used in our laboratories has therefore remained essentially constant over the last eight years in spite of a significant increase in our R&D activity (see chart, page 18). We use animals more humanely by using, for example, non-invasive imaging (see page 19).

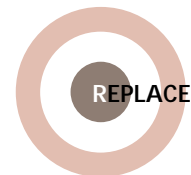
We encourage staff to devise alternative approaches to animal research through internal Animal Welfare Awards. GSK sponsors the largest European award in this field – the GSK Laboratory Animal Welfare Prize²². Inspections by national regulatory authorities acknowledge the high standards of care and compliance in our facilities. To ensure that we meet best practice, our US and UK animal facilities are accredited by the Association for Assessment & Accreditation of Laboratory Animal Care²³, and we are working to extend this to our other facilities.

We believe that the best way to address public interest in animal research is to foster greater knowledge and understanding of the facts. We also believe that this is the most effective way to help combat the climate of fear and intimidation being promoted by animal extremist groups. We therefore provide information to support rational public debate, actively participate in such discussions ourselves and host tours of our animal facilities where possible. We also welcome government actions to protect our staff, laboratory animals and research collaborators from extremist actions. We visit schools to discuss relevant ethical issues, for example, involving over 2000 UK pupils in such discussions in the 2001-2 school year.

Information on GSK's use of animals in research is available on our website ²⁴.

We are obliged by law to assess drug safety in animals before starting clinical trials.

THE "THREE RS" IN ANIMAL RESEARCH

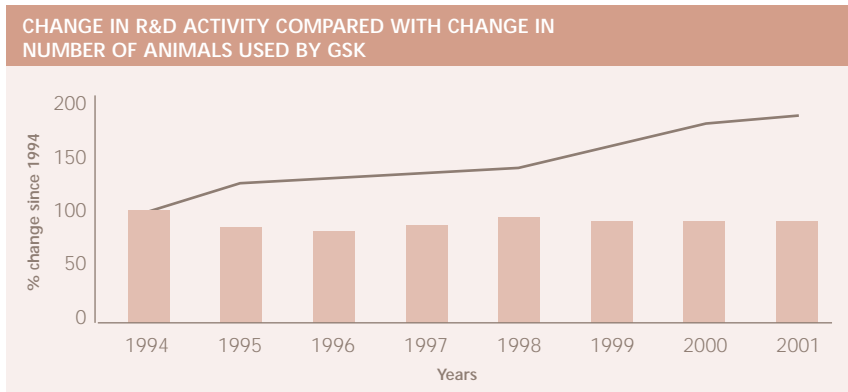


Reduce the number of animals used in medicines R&D to the minimum possible to obtain meaningful, validated results.

Refine animal experimental procedures to avoid or minimise pain or discomfort, and to maximise the information obtained from each study and each animal.

Replace the need for animal studies by developing and validating alternative approaches wherever feasible.

Rapid technological advances have provided us with the tools to make major progress in the fight against disease.



Figures normalised to 1994 levels

Key ■ Animals used — R&D activity

TESTING NEW MEDICINES IN CLINICAL TRIALS

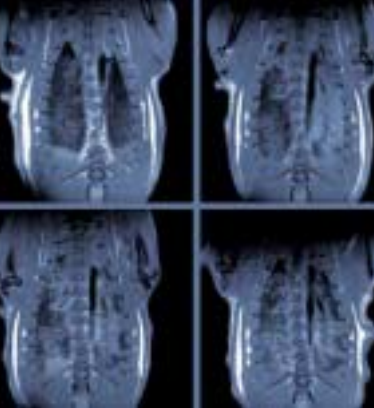
GSK's aim, to develop medicines and vaccines that benefit patients, is reflected in the priority we give to protecting the interests of healthy volunteers and patients who take part in our clinical trials. The regulatory authorities rigorously scrutinise the initiation and conduct of clinical trials and related activities. The need to respect the rights, dignity, safety and well-being of clinical trial participants is enshrined in declarations and guidelines produced by the World Medical Association, World Health Organization, Council of the International Organisations of Medical Sciences, Council of Europe, the International Conference on Harmonisation (ICH) and government bodies. GSK fully complies with the relevant regulations and national requirements, and with guidelines such as ICH Good Clinical Practice. When regulations and guidelines are periodically reviewed and revised to ensure that they fully address the interests of patients, GSK actively contributes to the discussions on the basis of our extensive global experience.

In our last review, we summarised our rigorous procedures to ensure patient safety and the privacy of their medical information. We have recently strengthened procedures to avoid information being sent to GSK by external investigators that would enable us to identify trial participants. However, we know that the conduct of clinical trials raises ethical issues and we therefore worked with other companies in 2002 to establish the new PhRMA Principles on the Conduct of Clinical Trials and Communication of Clinical Trial Results²⁵.

The Principles reflect the importance of independent Institutional Review Boards or Ethical Review Committees in protecting patients and volunteers involved in clinical trials. GSK fully supports these guidelines, which reiterate the need to obtain genuinely informed consent before any clinical procedure is undertaken, an obligation that GSK extends to include acquiring and using human biological samples such as tissues and DNA. The Principles also summarise the safeguards the industry, including GSK, adopts to ensure that the reimbursement of patients' and external clinical investigators' expenses is not an inappropriate inducement to participate in clinical trials, or to bias the results that are reported. Regulatory authorities' requirements for financial disclosure further protect the public interest in this area.

The Principles articulate the industry's, and GSK's, practice of seeking to publish the meaningful results of controlled clinical trials, regardless of the outcome, in a timely manner. This includes giving clinical trialists the appropriate level of access to the raw data and their interpretation.

Case study



Non-invasive imaging techniques such as magnetic resonance imaging (MRI) can provide new and more relevant scientific information in ways not previously possible.

REFINING RESEARCH USING ANIMALS

When studying a disease or the effect of a drug over a period of time, animals would previously have had to be humanely killed and the organs removed for microscopic examination at each time-point. MRI enables the same animal to be repeatedly assessed at each time-point so the number of animals used is reduced.

Moreover, we can get more detailed information about the progress of a disease by more frequent scanning than would be possible if every time-point needed a separate group of animals and resource-intensive technologies such as microscopic examination. Importantly, each animal can often be used as its own control so the statistical power of these studies is enhanced even when using far fewer animals.

Serial MRI allows respiratory biologists to study lung inflammation in rats that mimics some aspects of human asthma. The same animals are scanned, minimising discomfort, for several weeks. This allows chronic inflammatory and other responses to be studied, and the beneficial effects of standard and new drugs to be measured. The MRI approach typically requires 24 animals for a study that would require more than 500 if undertaken using conventional microscopy approaches.

Similar approaches are being taken in our other research areas, such as neurology, psychiatry and cardiovascular diseases, as well as in preclinical safety assessment. The cumulative beneficial impact on the number of animals used and on data quality is therefore very significant.

GSK employs over 100,000 people and operates in more than 150 countries.



Valuing people

People are the greatest single source of competitive advantage for any company. At GlaxoSmithKline, we believe that attracting, retaining and motivating the very best people is the foundation for our future success.

We are committed to providing the opportunity for our employees to do meaningful and challenging work in pursuit of our goal to improve the quality of human life by enabling people to do more, feel better and live longer.

Last year we reported on the principles that underpin our approach to people management, and a range of programmes which were designed to deliver our global human resources strategy. We are now pleased to report the progress we have made and set out, where we are able, how we intend in future to measure our performance on issues such as diversity.

THE GSK CULTURE

At GSK, great emphasis is placed not only on what we must achieve as a company, but also on how we deliver our achievements. Our culture is summed up in the GSK Spirit which defines the qualities we expect all our employees to embrace:

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

Developing the GSK culture is critical to enabling people to reach their potential and do their best work. We therefore carried out a survey in 2002 of 10,000 managers to assess how well the Spirit and culture is being adopted. We sought views on the experience of working for GSK, including both what managers considered was being done well and what areas needed further work.

The survey results were generally very positive, showing that managers take great pride in being part of GSK. For example, there was overwhelming support for the statements that “people in my department show commitment to performance with integrity”, “my department is a focused organisation with a sense of urgency” and “I would gladly refer a good friend or family member to GSK for employment”. These findings show that managers believe that the GSK Spirit is reflected in the way they and others are working day to day.

The results also raised important areas for further development. These included concerns about whether people are able to perform to their full potential, the extent to which managers are able to act as coaches to support development, and the degree of staff involvement in decisions that affect their work. These issues are all being addressed by GSK’s Corporate Executive Team. For example, a programme has been put in place to reduce complexity and bureaucracy in the company and to streamline processes to help free up managers to do their best work.

The survey results were generally very positive, showing that managers take great pride in being part of GSK.

We are fundamentally committed to the principles of equality of opportunity and equal treatment.

DIVERSITY

Diversity is a business imperative for GSK; we are committed to the principles of equality of opportunity and equal treatment. We aim to have a workforce and working environment that reflects the diversity of background, culture, beliefs and characteristics of the communities in which we operate.

We are therefore embedding the values of diversity and equal treatment into our key business processes. For employees, this means that diversity measures are included in manager and employee training, external recruitment and internal appointment processes, performance assessments and pay reviews, succession planning and developmental assignments.

For customers and stakeholders, it includes the development of measures to reach targeted customers, outreach programmes for specific patient groups and advertising that reflects the many communities we serve.

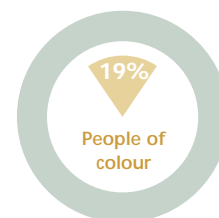
We believe that our diversity strategy will show clear progress against the baseline figures we report this year (see below). We will report changes annually.

GLOBAL SENIOR MANAGEMENT POPULATION BY GENDER 2002		
	Men	Women
Bands A & B*	583 (81%)	134 (19%)
Bands C 1-3**	2708 (70%)	1159 (30%)
Bands C 4 & 5***	4409 (65%)	2343 (35%)
Total	7700 (68%)	3636 (32%)

* Corporate Executive Team and Vice-Presidents/Senior Vice Presidents
 ** Director Level
 *** Manager Level

With the exception of the US (see ethnicity chart), we do not have meaningful data on the ethnicity of our employees because of the different ways ethnic groups are described in different countries and, in some cases, because of legal restrictions on collecting these data.

ETHNICITY OF US EMPLOYEE POPULATION, 2002



Total US employees 24,000

HUMAN RIGHTS

GSK believes that on human rights issues, we can lead by example and thereby influence the behaviours and practices of others through clear demonstration of our own values. Our most effective contribution can be made through pursuing policies in our own operations that respect the rights and interests of all those affected by and involved in our business. GSK supports and is committed to upholding the United Nations Universal Declaration of Human Rights²⁶ and the core labour standards set out by the International Labour Organization²⁷.

During 2002, we carried out an internal review which demonstrated that, wherever we operate as an employer, we believe we are complying with the Universal Declaration of Human Rights and the core conventions of the International Labour Organization, and according to the Guidelines for Multinational Enterprises set by the OECD²⁸. Conducted through the Head of Human Resources for each country, the review was also used to build awareness and understanding of human rights issues.

Also during the year, we began to put in place binding requirements to ensure that our major contractors and suppliers adopt GSK's standards on human rights and core labour standards.

Case study



Our promotion of diversity within GSK has had a powerful effect on the way we think about the needs of our customers.

Ensuring that our medicines benefit the widest possible number of patients is at the heart of our mission to enable people to do more, feel better and live longer. In 2001, one of GSK's General Pharma sales and marketing units in the US made it a key business objective to improve access to GSK medicines to patients from ethnic minority communities.

The unit operates in a part of southern California with a particularly high population of Vietnamese, Koreans, Armenians, Central Americans and Mexicans.

The sales teams had specific training on cultural awareness to improve their understanding of their customers and their particular needs. As a result, doctors are better able to use GSK products, with benefits for individual patients and for these communities.

Building on this success, cultural awareness training was extended to all sales groups across the US during 2002. This approach is also being used in GSK's US Pharma marketing departments to increase multicultural awareness and understanding relating to each of our brands.

In addition, through our multi-language patient education programme, we are supporting US healthcare professionals in raising awareness of diseases and disease management among groups with limited command of English. Disease education materials on asthma, migraine, rhinitis and depression are being provided by GSK sales representatives in a number of languages including Spanish, Chinese, Vietnamese, Korean and Russian.

GSK has a comprehensive programme to characterise the physical and chemical properties, environmental fate and effects, and occupational health effects of our products and chemical processes.



Environment, health and safety

As a responsible global citizen, GlaxoSmithKline strives to preserve the environment and protect the health of people who work for us.

We have a comprehensive framework of environmental, health and safety programmes that provide the structure for our approach. This is based on EHS Standards that apply, without exception, to all of our sites around the world.

Environmental sustainability is the basis of our environmental programmes. After addressing the potential for adverse impacts from our wastes, our approach to achieving sustainability is to focus on improving the efficiency of our manufacturing processes to minimise the materials used and waste generated, and then to optimise the use of renewable raw materials.

Our occupational health and safety programmes focus on protecting and enhancing the health and safety of our employees, reflecting the value we place on people.

IMPROVEMENT TARGETS

Our EHS performance targets are set against baseline performance in 2001, the first full year of GSK's operations, and are to be achieved by the end of 2005. For environmental emissions, company-wide targets have been set by consolidating individual site targets.

Our health and safety target is to reduce lost time injuries and illnesses by 15 per cent each year to 2005, from a baseline rate in 2001 of 0.43 lost time injuries and illnesses for each 100,000 hours worked. Preliminary data for 2002 indicate that we will meet this target for the year. Final verified results will be on our website, www.gsk.com.

Although many of the contractors on our sites do not work under our direct supervision, their safety is as important as that of our employees. We apply the same standards to them, and monitor their health and safety. For external contractors working for GSK, the lost time injury and illness rate was similar to the rate for our own employees.

We improve our EHS performance by having strong EHS management systems and programmes in place. Four examples are given below.

EHS information for our products and processes

GSK has a comprehensive programme to characterise the physical and chemical properties, environmental fate and effects, and occupational health effects of our products and chemical processes. This information helps us to:

- design and operate our production and control systems to protect our employees and the communities in which we operate.
- inform our employees and the public about the hazards of materials to help them understand how to handle them safely.

One of GSK's dry powder devices



Contract manufacturers

GSK uses contract manufacturers in a number of countries to supply certain products for local markets and, in a few cases, for specialist processes or technologies. They are an integral part of the product supply chain so we work with them to prevent adverse events and ensure the reliability of product supply. To ensure that these companies are managing EHS risks and impacts responsibly, conformance with GSK requirements and legislation is assessed through a programme of EHS audits conducted by our EHS Global Audit Team.

The audits cover general management of EHS and control of key risks and impacts. Areas for improvement are highlighted to the contract manufacturer and progress is monitored. In 2002, 16 key contract manufacturers/suppliers were assessed.

Ozone depletion and chlorofluorocarbon (CFC) elimination

– Metered dose inhalers (MDIs) are the most common way that asthmatics receive their medication. However, many MDIs use as propellants CFCs that are ozone depleting and global warming gases.

Currently GSK has an extensive plan containing over 10,000 milestones to eliminate CFCs from our MDIs. Progress is excellent with 68 per cent of the actions completed. In 2002, for the first time since the transition began, GSK manufactured over 100 million non-CFC MDIs and launched our first non-CFC MDI in the US, CFC-free *Ventolin*. Coupled with offering a wide choice of dry powder devices we are confident in our ability to transition away from CFCs. We therefore believe that the Montreal Protocol 'essential-use' exemption that allows the manufacture of CFCs for salbutamol/albuterol (the active ingredient in *Ventolin*) MDIs, and the marketing of salbutamol/albuterol MDIs containing CFCs, is no longer necessary.

Contaminated land

We are currently studying or actively cleaning up 31 sites that are classed as contaminated land. We are also remediating a number of our former manufacturing sites in preparation for their

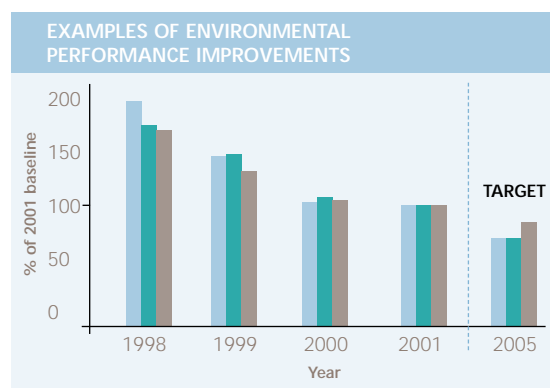
decommissioning or sale. GSK has spent over £100 million to date and expects to spend about £30 million on further remediation at existing sites. When designing and implementing remediation projects, we work with government agencies and local communities to use the best technologies available to clean up the land to allow return to other use such as community parklands.

At most of these sites, land has been contaminated due to past storage and disposal practices, including poor containment or accidental releases at commercial disposal sites. The global standards and systems we now have in place to cover all phases of waste management are designed to prevent future incidents that could contaminate land.

ENVIRONMENTAL PERFORMANCE

Both GSK's heritage companies realised the benefit of setting targets to improve environmental performance. Improvement projects were started in the 1980s and will continue into the future. The chart below illustrates the improvements already achieved in air emissions (VOC), wastewater discharges (COD) and hazardous waste disposed in the three years leading up to the GSK baseline of 2001.

The most recent performance data against EHS targets are available on our website²⁹.



Figures normalised by sales

Key
— VOC (Volatile Organic Compounds emitted to air)
— COD (Chemical Oxygen Demand in wastewater)
— HWD (Hazardous Waste Disposed)

Case study



Innovative approaches delivered an excellent safety record during the construction of GSK's new *Horlicks* plant in India.

GSK has recently completed building a new factory at Sonapat in the north of India to meet growing demand in the country for *Horlicks*, one of GSK's most popular nutritional drinks.

The project involved over 17,000 construction personnel and a total of 13.4 million hours of work over 3.5 years. At its peak, there were 1,900 workers on the site at one time. Most workers were on site for less than 60 days, so ensuring that the changing workforce was made aware of the safety and health issues was a significant challenge.

Health and safety were given priority when construction was planned, and appropriate programmes were put in place on the site. These included providing a 24-hour site health facility, so that injuries and illnesses could be treated early and workers did not need to leave the site for treatment. Induction training for new workers emphasised safety, inspectors monitored high-risk areas on the site, and weekly talks on safety topics and special training programmes for scaffolders were held.

This was a new approach for a major greenfield site construction project in India, where historically projects of this type do not involve a high level of attention to health and safety, and where formal safety training is not common. As a result of these initiatives, accomplished in partnership with construction management and subcontract companies, Sonapat returned one of the best lost-time accident figures seen in projects within GSK and its legacy companies. Benefits of the health and safety planning were demonstrated immediately and improved over the course of the project so that the last 6.6 million hours were worked without any lost-time injuries or illnesses. A lasting benefit of this project is the future application of lessons learned in creating a safety culture.

This project won the 2002 EHS Initiative Award which is sponsored by the Chief Executive Officer. It was selected by a panel of judges representing academia, government, NGOs and GSK's Board of Directors.

High standards of honesty and integrity are vital to the success of our business. "Performance with integrity" is the principle by which we aim to live and work at GSK.



Business ethics and integrity

GlaxoSmithKline's Code of Conduct lays out the principles that the company values and that employees should apply in their daily work. It is the responsibility of each employee to implement the Code to sustain the trust and confidence of all GSK's stakeholders.

CORPORATE ETHICS AND COMPLIANCE

GSK is committed to operating within the law and to the highest ethical standards. The healthcare industry is highly regulated and the discovery, development, manufacturing and marketing of medicines are complex processes. Thus, we aim to build adherence to high standards into the everyday management processes of these activities.

Formal company policies and procedures set out the expected standards of conduct, but effective communication and training on these standards, followed by regular monitoring and periodic review of work output, are critical. While lawyers and compliance officers are closely involved in establishing and communicating standards, GSK emphasises the personal responsibility of employees and their line managers for ensuring that all employees observe these principles in their everyday work. To support this we undertake ethics training through computer-based sessions and interactive discussions.

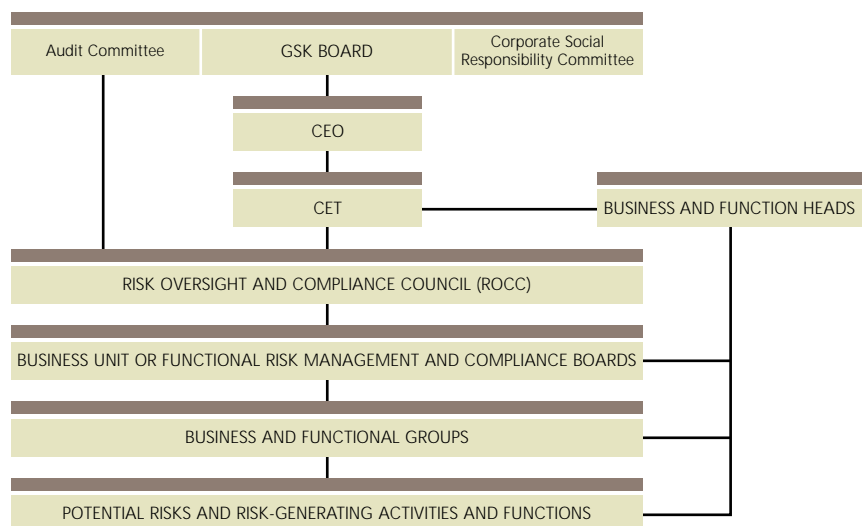
The Corporate Ethics and Compliance function at GSK is responsible for supporting the development and implementation of practices that facilitate employees' compliance with laws and company policy. Specialist compliance officers support our main operations of Pharmaceuticals, Consumer Healthcare, R&D and Manufacturing.

An internal control framework integrates ethics and compliance with the day-to-day management of the Group. This framework supports line management in the identification and mitigation of significant risks, among which are potential compliance failures.

The framework includes a Risk Oversight and Compliance Council, as well as sector and other business unit risk management and compliance boards. The Risk Oversight and Compliance Council and boards assist in the identification and mitigation of risks and provide guidance on risk management initiatives at the corporate and business unit levels.

The Risk Oversight and Compliance Council reports to the Audit Committee of the GSK Board and the Chief Executive Officer, and will also report to the Corporate Executive Team. The reporting line to the Audit Committee provides a mechanism for bypassing the executive management if irregularities are ever identified.

GSK RISK MANAGEMENT & COMPLIANCE FRAMEWORK



Confidential toll-free lines to compliance officers are available for employees to report concerns.



GSK POLICIES

The GSK Code of Conduct and all GSK policies are available on our internal website. In 2002, a guide to business conduct was published on the internal website to support employees' understanding and implementation of these standards. The guide summarises policies and explains the company's expectations on business ethics and good business conduct.

NOTIFICATION SYSTEMS

Confidential Integrity Help Lines to compliance officers are available for employees to report concerns they feel are not being dealt with adequately through the normal management system.

These Help Lines are available to employees in the UK and US, reaching about half the total GSK workforce. Other employees can take advantage of e-mail access to a compliance officer, or can report concerns through a confidential post office box maintained by Corporate Ethics and Compliance.

The Help Lines are primarily used for consultations and by employees to ask questions. As a result, the number of callers and inquiries received by compliance officers tends to increase in response to training or to changes in or issuance of new policies. Activity levels reflect greater awareness of policies and legal requirements rather than trends in unacceptable practices. Response levels indicate that the existence of the systems and their purpose are well understood.

Case study



Senior managers in GSK are expected to lead by example by working in line with the Code of Conduct and other GSK policies and in supporting their staff to do the same.

To ensure their understanding of this responsibility, in 2002 GSK introduced a certification process around the world for managers at the vice-president level and above.

Certification requires these managers to sign a statement confirming their awareness of their obligations to implement the company Code of Conduct and policies. This includes confirming that:

- They know they are personally obliged to comply with applicable laws, regulations, and GSK's corporate and local policies and procedures.
- They accept their responsibility to put in place appropriate measures to ensure that the people under their supervision are aware of their own obligations.

→ All people under their supervision have received copies of, or have access to, the GSK Code of Conduct and other GSK policies, and understand their responsibilities.

In 2002, around 700 managers – all those at vice-president level and above – completed certifications. We believe this process will further support the dissemination and awareness of GSK ethical standards and the Code of Conduct and their importance to thousands of other GSK employees who, in the course of their daily activities, must work in line with the law and GSK policies.

Management of CSR

Contributing to improving people's lives as a responsible corporate citizen is an integral and established part of our business practice.

Our corporate and social responsibility (CSR) activities, including those covered in this report, are managed in the most appropriate functions in the organisation rather than through a central department. We believe this is the most effective approach to managing the issues because they remain an integrated part of the everyday operation of the business.

To facilitate policy development, implementation and communication, a cross-functional team was established at the beginning of 2002 to ensure a comprehensive and co-ordinated approach. The team is made up of representatives from the key business areas who ensure that policies are in place and mechanisms exist for their implementation and monitoring. The representatives also contribute to reporting progress through this report and in other ways, for example through conference presentations and on our website.

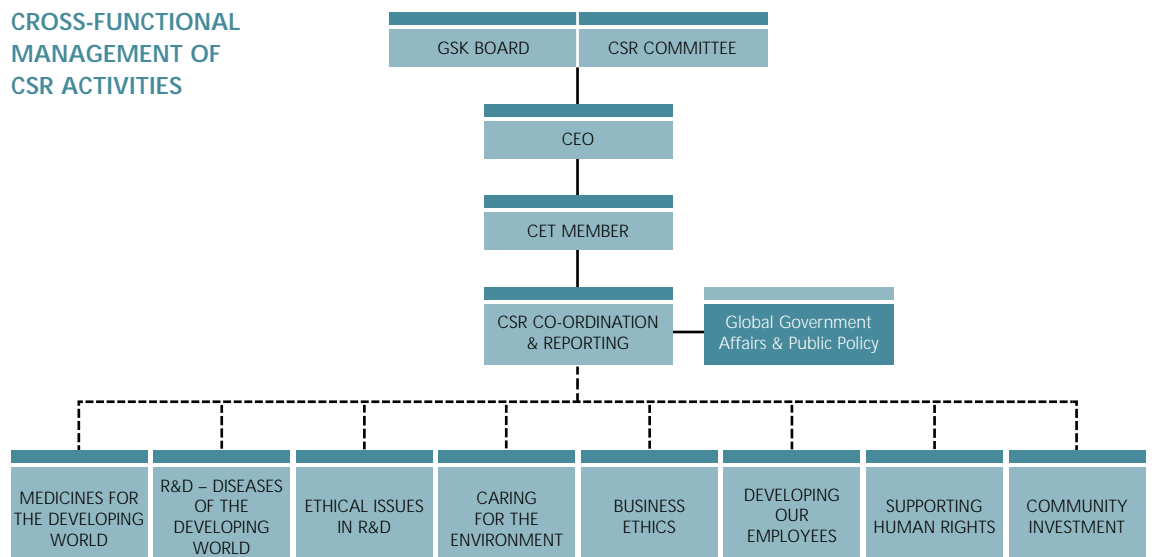
During the year this cross-functional team developed indicators that will support reporting on key issues. In determining the indicators, we aim to strike a balance between the desires of our stakeholders for greater transparency about our operations with the realities and costs of running the business.

We also believe that stakeholder discussion on anything that requires specialist knowledge is best undertaken by those with such expertise. Hence the team representatives discuss issues directly with those who have expressed an interest or concern, and central co-ordination means that broader issues are brought to the attention of the cross-functional team.

GSK has a process in place for identifying, evaluating and managing significant business risks, and this includes reputational and corporate responsibility issues. Our risk management process accords with the Turnbull guidance and our formal risk assessment is updated at least once a year. The Risk Oversight and Compliance Council (see page 29) coordinates internal control and risk management activities to ensure effective management of significant risks.

During the year, the CSR committee of Non-Executive Board members gave advice on how we report our activities, and had specific input into our approach to community investment, environment, health and safety and human resources policies including diversity and human rights issues.

CROSS-FUNCTIONAL MANAGEMENT OF CSR ACTIVITIES



Web references

Our corporate website can be found at www.gsk.com.
Websites cited in this report:

- 1 www.gsk.com/ser/2001/ser01/CSR.pdf
- 2 www.polioeradication.org/
- 3 www.gsk.com/press_archive/press_10032001.htm
- 4 www.togetherrx.com/
- 5 www.gsk.com/about/developing_world.htm
- 6 www.niaid.nih.gov/factsheets/hvtn.htm
- 7 www.who.int/inf-pr-2001/en/pr2001-10.html
- 8 www.gsk.com/about/nfp_pricing_guide.htm
- 9 www.gsk.com/press_archive/press_09052002.htm
- 10 www.gsk.com/community/about.htm
- 11 www.gsk.com/filariasis/index.htm
- 12 www.gsk.com/positiveaction/index.htm
- 13 www.gsk.com/press_archive/press_11282002.htm
- 14 www.gsk.fr/gsk/fond/mp.html
- 15 www.gsk.com/malaria/index.htm
- 16 www.gsk.com/community
- 17 www.projecthope.org/
- 18 www.pqmd.org
- 19 www.gsk.com/press_archive/press_11172001.htm
- 20 www.ic.ac.uk/templates/text_3.asp?P=3453
- 21 www.corporate-citizenship.co.uk/community/lbg.asp
- 22 www.rds-online.org.uk/news.html
- 23 www.aaalac.org
- 24 <http://science.gsk.com/about/animal-research.htm>
- 25 www.phrma.org/publications/quickfacts/20.06.2002.428.cfm
- 26 www.un.org/Overview/rights.html
- 27 www.ilo.org/public/english/standards/decl/declaration/text/index.htm
- 28 www.oecd.org/pdf/M000015000/M00015419.pdf
- 29 www.gsk.com/ser/2001/ser01/ehs.pdf

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



Donald McHenry

A Non-Executive Director of GlaxoSmithKline and chairman of the Corporate Social 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.



Sir Christopher Hogg

Sir Christopher is the Non-Executive Chairman of GlaxoSmithKline. He 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.



Dr Michèle Barzach

A Non-Executive Director of GlaxoSmithKline, 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.



Dr Lucy Shapiro

A Non-Executive Director of GlaxoSmithKline, 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.

If you have any questions or views to share, please contact us at csr.contact@gsk.com or write to us at:

CSR
Global Public Policy
GlaxoSmithKline
980 Great West Road
Brentford
Middlesex TW8 9GS
UK

Design consultancy by [salterbaxter](http://salterbaxter.com).

Product names throughout this publication are indicated in italics and are trademarks of GlaxoSmithKline plc, its subsidiaries or associated companies.

Printed in the UK by St Ives Westerham Press. The paper used in the production of this document is made from pulps harvested from sustainable forests, also using sawmill residues and forest thinnings. It is elemental chlorine-free.

