

GSK Public policy positions

Working with Third Parties

The Issue

At GlaxoSmithKline (GSK), we are committed to operating to the highest ethical standards to help maximise the long term sustainability of our business and of the communities in which we operate. We aim to comply with all laws, rules and regulations governing our activities and, in addition, have developed a comprehensive framework of GSK policies, guidelines and standard operating procedures to help drive high ethical standards.

We strive to conduct business with suppliers, distributors, equity stake holdings and other business partners (collectively, “Third Parties”) who share our commitment to high ethical standards and operate in a responsible way.

This position statement summarises our approach to working with Third Parties. It sets out the minimum standards we expect of them, as well as other areas of importance to us (“Principles”).

These Principles (summarised at **Annex A**) underpin our current Third Party Oversight programme. They reflect areas of particular high risk identified by GSK. Where deemed relevant to a particular Third Party, compliance with some or all of the Principles will be mandatory and required via contractual obligations and rigorous GSK oversight and risk-based audit. The Principles are a non-exhaustive list of GSK expectations. They will be supplemented over time.

GSK’s Position

- GSK is committed to operating to the highest ethical standards to help maximise the long term sustainability of our business and of the communities in which we operate. We will only work with Third Parties who share our approach.
- As a multinational organisation with global outreach, often exercising substantial influence over those with whom we conduct business, GSK recognises that we have a role to play in driving best practice in key areas such as human rights, environmental protection, anti-bribery and corruption.
- GSK expects *all* Third Parties with whom we engage to comply with all applicable laws and regulations and to adopt, at a minimum, GSK’s Anti-Bribery & Corruption and Labour Rights Principles.
- In addition to meeting GSK’s Anti-Bribery & Corruption and Labour Rights standards reflected in the Principles at **Annex A**, where relevant, we expect Third Parties to comply with our standards on quality, patient safety, health and safety and the environment. All expectations will be formalised in contracts and subject to appropriate levels of audit and oversight.
- Appropriate action will be taken against those Third Parties found in breach of their undertakings, up to and including termination of their contract with GSK.
- We recognise we have a responsibility to support Third Parties as part of our broader commitment to improving supply chain standards. Amongst other initiatives, we offer preferential payment terms to small and medium-sized companies in the UK & USA, and through our supplier diversity programmes, we engage with and mentor small and diverse businesses and help them identify potential areas for growth.
- The behavioural expectations we set for Third Parties are matched by those we set for our staff, reflected in our own employee Code of Conduct.

Background

GSK’s Third Party Oversight Programme

The diversity and nature of GSK’s supply chain, business partnerships and third party engagements (currently totalling over 70,000) is extensive and complex. The process of embedding the GSK Principles into all relevant contracts will therefore take time.

A dedicated team has been established to manage our undertaking in this area. Its focus is on ensuring that by the end of 2017 all existing Third Parties will have been risk assessed against the GSK Principles and remediation steps taken, including where appropriate, amending contracts to reflect GSK's Anti-Bribery and Corruption (ABAC) and Labour Rights Principles. It will also ensure that, going forward, all new Third Party contracts include commitments that meet our ABAC and Labour Rights Principles and that a risk-based audit programme is in place to oversee Third Party compliance with their contractual obligations.

Ensuring an Open Working Environment

In addition to the Principles set out in Annex A which, where relevant, will be formalised in contractual terms, GSK encourages all Third Parties with whom we work to establish a culture which supports reporting of suspected violations of law, rules and regulations, as well as of unethical conduct. Specifically, Third Parties are encouraged to:

- Enable their staff to report concerns or illegal activities in the workplace through formal reporting structures. These concerns should in turn be investigated, and if needed, corrective action should be taken.
- Create an environment where staff concerns may be reported without fear of reprisal or retaliation. GSK may take action, in accordance with local laws, against any Third Party who threatens, or engages in retaliation or harassment of any person who has reported, or is considering reporting, a concern in good faith.

GSK Support of Open and Non-Retaliatory Engagement

All employees of Third Parties are encouraged to report suspected violations of law, rules and regulations related to their work with GSK, including fraud, either through their own internal reporting channels or through GSK's 'Speak up' Integrity Lines. Worldwide numbers and information are available online at www.gsk.com/integrity. This includes reporting misconduct by GSK staff (including contingency workers) with whom they do business. GSK is committed to non-retaliation and will maintain, as appropriate, confidentiality and anonymity with respect to all disclosures.

Support for Third Parties

While we expect certain standards of Third Parties with whom we work, we also recognise we have a responsibility to support them as part of our broader commitment to improving supply chain standards. Small businesses, for example, often struggle with cash-flow issues. We therefore offer preferential payment terms to small and medium-sized companies in the UK and USA.

As part of our commitment to diversity and inclusion, we support suppliers run by groups that are under-represented in the supply chain such as those owned by women, minorities and veterans. Through our supplier diversity programmes, we also engage with and mentor small and diverse businesses and help them identify potential areas for growth.

GSK Expectations of our own Staff

GSK has its own employee [Code of Conduct](#) setting out the fundamental standards to be followed by GSK staff in their everyday interactions on behalf of the company, including engagement with Third Parties.

The Code covers a range of key behaviours expected of our staff but the following standards relating to conflicts of interest and acceptance of entertainment and gifts by GSK staff are particularly relevant to our work with Third Parties.

Conflicts of Interest: GSK expects all staff to be free from actual or potential conflicts of interest. A conflict of interest occurs whenever the prospect of direct or indirect personal gain may influence or appear to influence their judgment or actions while conducting GSK business.

Acceptance of Entertainment & Gifts: Conducting business may involve occasional business-related entertainment or exchanges of gifts of nominal value. GSK guidelines provide standards and limitations governing the acceptance of entertainment and gifts from any person, organisation, or agency related to, or associated with, GSK's business activities. Specifically:

- GSK staff may accept entertainment when it is lawful and ethical, occasional, customary and reasonable in value, and meets a GSK business need or requirement (not just for employee personal well-being or use).
- GSK staff may generally accept gifts of nominal value (e.g., pens, mugs, calendars, etc.) when such gifts are infrequent and customary in a business relationship.

Except as permitted above, GSK staff may not accept or solicit, directly or indirectly, from any Third Party, current or potential, any entertainment or gifts, including but not limited to the following:

- travel and overnight accommodation
- vacations
- cash payments
- cash equivalents (e.g., gift certificates or cheques)
- services
- loans (except as private individuals from banks or other financial institutions); or
- discounts (except those offered to GSK staff generally).

In all instances, exchange of business entertainment and gifts must not create, or be perceived to create, a conflict of interest with GSK's Values of Transparency, Integrity, Respect and Patient Focus.

Long Term Commitment

GSK recognises the importance of working with Third Parties who share our values and operate in a responsible and ethical manner; of exercising our significant influence over those Third Parties with whom we conduct business in an appropriate way; and of working with Third Parties in helping them to meet our standards. This commitment will take time and involves considerable resources; however, it is fundamental to our strategy and fully aligned with our values.

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GSK Principles

Bribery and Corruption

We have a zero tolerance approach to bribery and corruption and expect all Third Parties with whom we work to act with absolute business integrity and in compliance with all relevant international and domestic legislation. To this end, Third Parties will not, directly or indirectly, promise, offer, make, authorise, solicit or accept any financial or other advantage, to or from anyone to obtain or retain business or secure an improper advantage in the conduct of business. This rule applies regardless of whether they are government officials or work in a private sector entity. Financial or other advantage covers anything of value, including cash, gifts, services, job offers, loans, travel expenses, entertainment or hospitality.

For the avoidance of doubt, GSK prohibits all facilitation payments. These are unofficial, improper, small payments or gifts made to secure or expedite a routine action to which the payer is legally entitled.

For further insight into GSK's own approach to managing bribery and corruption see <http://www.gsk.com/media/930549/anti-bribery-and-corruption-policy-pol-gsk-007-v10.pdf>

Anti-Competitive Behaviour

Third Parties will conduct their business consistent with all applicable anti-trust laws. They will strictly adhere to the letter and spirit of competition laws in all jurisdictions and will employ fair business practices including accurate and truthful advertising.

Labour Rights

As a signatory to the UN Global Compact, a voluntary global standard on, amongst other issues, human rights and supporter of the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, GSK is committed to upholding the labour rights of workers and to ensuring they are treated with dignity and respect. We expect all our Third Party partners to uphold the following workers rights:

- Not using forced, bonded or indentured labour.
- Not using child labour; the employment of workers below the age of 18 should only occur in non-hazardous work and when young workers are above a country's legal age for employment or the age established for completing compulsory education.
- Providing a workplace free of harassment, discrimination and harsh or inhumane treatment.
- Complying with laws on working hours and employment rights, including minimum wages, overtime hours and mandated benefits.
- Allowing open communication, direct engagement, joining independent trade unions and freedom of association to resolve workplace and compensation issues.
- Providing a safe and healthy workplace.

We also expect Third Parties to take responsibility for controlling their own supply chain - encouraging compliance with labour rights by their own suppliers.

For further insight into GSK's approach to Human Rights see <http://www.gsk.com/media/280848/human-rights-statement-policy.pdf>

Confidential Information

Information is one of our most valuable assets and we are committed to safeguarding GSK information and all information entrusted to us. Our Third Party partners will therefore, at all times, be expected to safeguard proprietary, confidential and personal information related to their work with GSK. Specifically:

- External Communications: Third Parties will never communicate externally about GSK's prospects, performance or internal policies nor disclose inside information which could affect the price of GSK securities without proper authority. They will also be forbidden from making any public posting of confidential or proprietary information related to any aspect of GSK's business.
- Information Management: Third Parties will protect the confidentiality, integrity and availability of GSK information which they manage, store, transmit, or otherwise process. They will ensure this by implementing appropriate safeguards including policies, procedures, physical security and computer security controls.
- Personal Information: Third Parties will protect the confidentiality and security of any Personally Identifiable Information they access or generate while working with GSK by ensuring implementation of appropriate safeguards and complying with applicable legislation. Use and disclosure of Personally Identifiable Information will be limited to those purposes for which it was received to ensure that individuals' privacy rights are protected.

For further insight into GSK's own approach to managing personally identifiable information see <http://gsk.com/media/280794/gsk-public-policy-on-binding-corporate-rules-apr14.pdf>

Patient Safety and Care

Ensuring that the rights, dignity and safety of patients are safeguarded is central to every decision we make. We therefore expect the following of all Third Parties with whom we work:

- Adverse event reporting: Third Parties will be expected to report any safety concerns relating to any GSK product - no matter how minor - to our relevant company safety departments within 24 hours of initial awareness (or next working day if over a weekend).
- Clinical Trial Standards: Third Parties will ensure that the rights of people taking part in any clinical research conducted on our behalf are protected, including through the informed consent process and procedures to protect patient privacy.

For further insight into GSK's own approach to conducting clinical trials in a responsible and ethical way see <http://www.gsk.com/media/280806/clinical-trials-in-the-developing-world-policy.pdf>

Marketing and Promotional Practices

GSK is committed to responsible, principled and patient-centred promotional practices. Our approach conforms to high ethical, medical and scientific standards that are determined by law and regulation, promoted by industry associations and embraced by the company. We expect Third Parties interacting with healthcare professionals and healthcare organisations on our behalf to adhere to similarly high standards. These include, at a minimum, complying with all applicable ethical codes of practice, local industry codes, and legal and regulatory requirements.

For further insight into GSK's own approach to ethical marketing see <http://www.gsk.com/media/280863/marketing-practices-policy.pdf>

Health and Safety

Ensuring that our staff and Third Party employees with whom we partner stay safe, healthy and productive is a priority for GSK. We therefore expect our Third Party partners to build healthy, high performing and safe working environments by:

- Providing a safe workplace and taking steps to ensure the physical and mental well-being of workers.
- Ensuring compliance with all relevant health and safety and environmental laws, regulations, permits, licenses, information registrations and restrictions.
- Implementing an environment, health and safety risk management process with clearly defined accountabilities for maintaining it.
- Providing sufficient resources, training, physical infrastructure and engineering controls necessary to protect people, the environment and local communities from harm.
- Minimising and seeking to reduce exposure of workers and communities to hazardous physical, chemical and biological agents under normal, abnormal and emergency operating conditions.
- Providing relevant information, education and training to workers so they are able to understand the hazards, risks and control measures associated with their job.
- Identifying and practicing responses to a range of foreseeable emergencies based on the hazards and risks associated with operations.
- Ensuring early detection of fire, safe evacuation of people, and prompt action to minimise damage to the local environment and communities.

Animal Welfare

We believe we have a moral responsibility to ensure the welfare and good treatment of animals in our care. We have a company-wide policy that covers the standards we apply and we expect our Third Parties to adhere to similarly high standards, aligned with the following principles:

- Legal Compliance: complying with all relevant statutes, legislation, regulations and guidelines for the care, welfare and ethical treatment of animals in the country where the studies or services are being performed.
- Good Husbandry: ensuring that, at a minimum, all animals in their care are given access to food, water and housing appropriate to their needs, as set out in our Core Principles.
- Professional care: ensuring humane care and a programme of veterinary care by appropriately trained staff.
- The 3Rs: following the principles of the 3Rs - replacement, reduction and refinement - in the design of animal studies both in vivo and ex vivo.
- Pain Management: taking measures to minimise any pain or distress to animals under their care.
- Ethical Oversight: reviewing study designs, their scientific relevance and purpose, through an institutional ethical review process

For further insight into GSK's own approach to protecting animal welfare see <http://www.gsk.com/media/280800/care-welfare-and-treatment-of-animals-policy.pdf>

Environmental Protection

We are committed to reducing the environmental impact of our operations and our products. This commitment extends beyond our direct operations to include our entire value chain, which is why we work closely with Third Parties on identifying ways we can reduce our collective environmental impact. Third Parties are critical partners in achieving our sustainability goals and effective collaboration is central to that success. We therefore expect our Third Party partners to:

- Operate in an environmentally responsible way: conserving natural and other resources (carbon, forests, fresh water etc) and minimising their impact on the surrounding communities, local and global environments.
- Operate in a transparent way: disclosing data requested by GSK relating to all aspects of environment, and using continuous improvement techniques to support GSK's value chain environmental goals.
- Ensure the safe management of materials and waste: appropriately reducing, managing, controlling and treating prior to release into the environment any waste, waste water or emissions with the potential to adversely impact human health or the environment.

Conflict Minerals

GSK condemns the kind of human rights abuses funded by “conflict minerals” and we are committed to ensuring the ethical sourcing of any “3TGs”¹ used in our products. We therefore expect our suppliers, our Contract Manufacturing Organisations (CMOs) and their respective suppliers to exercise due diligence around the source and chain of custody of “Conflict Minerals” used in materials or products they supply to us.

Specifically:

- Existing Third Parties: any existing suppliers or CMOs sourcing “Conflict Minerals” in a manner that benefits armed groups in the “Covered Countries” must identify alternative sources. A failure to do so will result in termination of the supply agreement.
- New Third Parties: Any new or renewed supply agreements signed by GSK with suppliers and CMOs will seek confirmation that any 3TGs supplies are conflict free (i.e. not benefiting armed groups in the “Covered Countries”).

For further insight into GSK’s own approach to Conflict Minerals see <http://www.gsk.com/media/658165/conflict-minerals-policy.pdf>

Sanctions and Export Controls

Third Parties engaged in business on behalf of GSK must understand and conduct their business in full compliance with all applicable sanctions and export control laws and regulations, including but not limited to compliance with restrictions on the movement of funds, products, goods, materials, services, software, and technology governed by those laws.

¹ cassiterite, columbite-tantalite (coltan) or wolframite, along with their respective derivatives, tin, tantalum and tungsten, and gold)