

Introduction

GSK is publishing this statement in accordance with the UK Modern Slavery Act 2015 (the 'Act'). The Act requires businesses to state the actions they have taken during the financial year to ensure that modern slavery is not taking place in their operations and supply chains. Modern slavery encompasses slavery, servitude, forced labour and human trafficking.

This statement covers GlaxoSmithKline plc and its group companies¹ and refers to the financial year ending 31 December 2019 (click here to read our [previous statements](#)).

GSK's business and supply chains

GSK is a science-led global healthcare company with a purpose to improve the quality of human life by helping people do more, feel better, live longer. We aim to bring differentiated, high-quality and needed healthcare products to as many people as possible through our three global businesses. Information on our range of products can be found [here](#).

Our Pharmaceuticals business has a broad portfolio of innovative and established medicines in respiratory, HIV, immuno-inflammation and oncology. Our research and development approach focuses on immunology, human genetics and advanced technologies to help us identify transformational new medicines for patients. In 2019, we delivered 2.3 billion packs of medicines.

We are the world's largest vaccines company by value, with a global market share of 31%, delivering vaccines that protect people at all stages of life. Our research and development focuses on developing vaccines against infectious diseases that combine high medical need and strong market potential. In 2019, we delivered 701 million vaccine doses.

Our Consumer Healthcare business combines science and consumer insights to create innovative everyday healthcare brands that consumers trust and experts recommend for oral health, pain relief, cold, flu and allergy, digestive health and vitamins, minerals and supplements. In 2019, we delivered 4.2 billion consumer healthcare products.

Turnover was £33.8 billion in 2019. The US represents our largest single commercial market, followed by International and Europe. We have over 99,000 employees across 95 countries, with almost two thirds based in Europe and North America. We also have workers who are not directly employed by GSK who are known as complementary workers and are a vital part of our workforce.

We have global commercial operations, with our main research & development centres in Europe and the US. Our manufacturing network includes 78 sites in 37 countries. Further information on our business can be found in our [Annual Report](#).

GSK's supply chains are complex and have significant scale, with a spend of around £14 billion every year with third parties. This includes more than 38,000 suppliers that provide us with:

- Goods and services that are required for our research and development activities such as clinical trial support and laboratory equipment and supplies.

¹ This includes, but is not limited to: Glaxo Operations UK Ltd; GlaxoSmithKline Consumer Healthcare (Overseas) Limited; GlaxoSmithKline Consumer Healthcare (UK) IP Limited; GlaxoSmithKline Consumer Healthcare (UK) Trading Limited; GlaxoSmithKline Consumer Trading Services Limited; GlaxoSmithKline Export Ltd; GlaxoSmithKline Finance plc; GlaxoSmithKline Intellectual Property (No.2) Ltd; GlaxoSmithKline Intellectual Property Development Ltd; GlaxoSmithKline Intellectual Property Ltd; GlaxoSmithKline Intellectual Property Management Limited; GlaxoSmithKline Research & Development Ltd; GlaxoSmithKline Services Unlimited; GlaxoSmithKline Trading Services Ltd; GlaxoSmithKline UK Limited; PHIVCO UK II Limited; SmithKline Beecham Limited; ViiV Healthcare Trading Services UK Limited; ViiV Healthcare UK (No. 3) Limited and ViiV Healthcare UK Limited. For a full list of GlaxoSmithKline group companies please see our [Annual Report](#).

- Goods and services that we use to manufacture our products such as raw materials, pharmaceutical ingredients, bottles, tubes and packaging materials and we work with third parties on the transportation and warehousing of our products around the world.
- Goods and services that are required to run our business, including IT, marketing and other agency support, catering and facilities management, engineering and construction services.
- We also partner with a network of external contract manufacturing organisations that supply finished and semi-finished products for sale and distribution by GSK such as tablets, ointments, inhalers and syringes.

Policies

Our [Code of Conduct](#) is the foundation of our company policies. It sets out how employees and complementary workers should apply our values (patient focus, transparency, respect and integrity) and expectations (courage, accountability, development and teamwork) in their daily work and embeds respect for human rights and labour rights across the business.

The Code is underpinned by several policies and standard operating procedures that help to mitigate against the risk of modern slavery:

- Our [Human Rights Policy](#) sets out our commitment to conduct business with respect for international human rights standards.
- Our Global Employment Guidelines and [Working with Third Parties Policy](#) set out the minimum standards for our own employment practices and those expected of our third party partners. They are based on international standards, including the ILO core conventions, and prohibit any form of forced labour or child labour. This year we updated both documents to make clear our expectation that no worker should pay for a job or have their freedom of movement denied.
- Our Standard Operating Procedure for Safeguarding and Non-retaliation defines our approach to protecting and supporting individuals who work for GSK and report concerns of significant misconduct in good faith (including exploitative labour practices).
- Other relevant policies include those on Equal and Inclusive Treatment of Employees, Pre-employment Screening, [Conflict Minerals](#) and [Anti-bribery and Corruption](#).

Assessment of modern slavery risk

As part of our commitment to implementing the UN Guiding Principles on Business and Human Rights, we periodically assess our human rights risks at a corporate level to ensure that we focus on where our business has the greatest potential to impact people (last conducted in 2018). This involves seeking input from internal and external stakeholders, including human rights experts and peer companies to learn from their perspectives, knowledge and experiences. For labour rights we consider country of operation, the type of work being carried out and the type of labour being used to determine risk level and we refer to external data sources (e.g. OECD sector guidance; Alliance 8.7 Global Estimates of Modern Slavery and the US State Department's list of goods produced by child and forced labour) to help us better understand the contextual factors relevant to modern slavery.

We believe that the risk of modern slavery in our directly employed workforce is low. This is due to the highly regulated nature of our industry, our employees being largely educated or skilled, or undertaking work in controlled environments where there are established policies and processes.

Our exposure to the risk of labour exploitation increases when we engage with third parties, particularly in high risk sectors such as catering, cleaning, transportation, warehousing, construction, manufacturing and some research and development activities. In lower tiers of our supply chain, where visibility of our indirect relationships is limited, and in countries where human rights are not well protected the risks are heightened further. With the support of fair labour NGO Verité, we are working to identify specific parts of our supply chain that represent the greatest risk and therefore priority for action over the coming year.

Due diligence and risk management

Our approach to managing the risk of modern slavery forms part of our broader efforts to respect human rights.

Governance

Our Human Rights Steering Group oversees our approach to addressing human rights risks, including modern slavery, and includes senior representatives from across the business including legal, compliance, audit and assurance and human resources.

The GSK Board provides oversight through our well-established [governance](#) and risk management frameworks and has approved this statement.

Embedding respect for human rights

Mandatory annual training on our Code of Conduct is designed to help our workforce understand how to put our values into practice in their daily working lives and manage ethical dilemmas they may encounter. In 2019, 98.5% of our employees and 92.4% of our complementary workers completed training on our Code of Conduct.

Our Values Assurance programme is designed to identify risk related to values, culture and behaviour by having individual discussions with randomly selected employees and complementary workers across multiple countries (for an overview of this programme see [here](#)). This process helps to create an environment where issues – including labour rights violations – can be raised, and rigorous follow up ensures concerns are addressed. In 2019, we assessed 17 different parts of the business against a maturity matrix, including interviews with approximately 1,000 employees. Countries visited included the US, Saudi Arabia and Russia. A wide range of working practices were covered, such as equal and inclusive treatment, employment practices and health and wellbeing. There were no signals suggestive of modern slavery.

Overseeing third parties

We aim to work with third parties that share our values and work to the ethical and business standards expected by GSK. Our third-party risk assessment and mitigation programme has been embedded globally and continues to be further simplified to allow us to focus our resources on higher risk engagements. Third parties are assessed against the principles set out in our working with third parties policy, enabling us to identify labour rights risks before entering into contracts with them (for an overview of this programme see [here](#)).

In 2019, over 13,500 third parties underwent a risk assessment, of which 608 were deemed to be at high risk of potential non-compliance from a labour rights perspective based on their country of operation and the type of product or service they provide. High risk third parties have their policies and processes to manage labour rights risks independently assessed by [EcoVadis](#). During 2019, 193 third parties that completed an EcoVadis assessment failed to meet the minimum score we expect on labour rights and were required to make improvements. A further 203 third parties who were reassessed by EcoVadis in 2019 following poor performance on labour rights in previous years, increased their score to meet our required threshold.

In 2019, we conducted over 40 on-site audits of our third-party suppliers covering environment, health and safety, and labour rights. No incidences of modern slavery were identified through these audits. Major labour rights non-compliances were found at five third-party suppliers of active pharmaceutical ingredients, intermediates and agro-commodities in China, India, Mexico, Pakistan and Indonesia. The issues related to wages, working hours, regular employment, and policies/risk management systems. Following these audits, each third-party supplier is required to develop and agree a corrective action plan to address the findings, which are tracked and followed up through engagement activities. Sites are re-audited on a frequency proportionate to the risk they pose. We aim to drive continual improvement, however if we see

no significant ongoing reduction in labour rights risk, we may choose to suspend or terminate work with a third-party supplier.

In our 2018 statement, we disclosed labour rights non-compliances related to working hours and regular employment for three suppliers in China, a labour management system for a potential supplier in the United Arab Emirates and working hours and overtime pay for a supplier in India. In 2019, the suppliers in the UAE and India successfully implemented the agreed corrective actions. We are continuing to engage with our Chinese suppliers on a longer-term plan to resolve working hour practices.

Our approach to clinical trials

All GSK clinical trials in all locations – including those carried out by external contract research organisations on our behalf – follow the standards of the International Conference on Harmonisation Good Clinical Practice guidelines and the principles contained in the World Medical Association Declaration of Helsinki on the Ethical Principles for Medical Research Involving Human Subjects. These standards cover issues such as having a clear, scientifically sound protocol with independent ethical review and ensuring that trial participants' rights, safety and wellbeing (including informed consent to participate) are the most important considerations. More information on GSK's approach to clinical trials can be found [here](#).

Reporting and investigating concerns

We want to maintain an open environment where people feel confident to raise concerns about possible breaches of our Code of Conduct or suspected violations of country laws and regulations. Anyone within or outside GSK can raise issues or speak to an independent third party through our [Speak Up](#) facility, available in 49 languages, confidentially or anonymously if they prefer. GSK is committed to promptly investigating all reports of unethical, illegal or inappropriate activity. In 2019 there were no reports suggestive of modern slavery. More information on policy violations that took place in 2019 can be found in our [Annual Report](#).

Collaboration & Training

GSK invests in industry and cross-industry collaboration to seek continuous improvements in our approach to identifying and addressing modern slavery risks. We currently participate in the following forums: the Pharmaceutical Supply Chain Initiative's Human Rights and Labour Sub-Committee, the Consumer Goods Forum's Social Sustainability Initiative, the UN Global Compact Network UK Modern Slavery Working Group and the Business for Social Responsibility Human Rights Working Group.

In 2019 we contributed to the development of a modern slavery training webinar for members of the Pharmaceutical Supply Chain Initiative and their suppliers. The webinar provided an overview of modern slavery, areas of heightened risk, guidance on due diligence actions and case studies.



Iain Mackay
Chief Financial Officer

3 March 2020