



# Our position on Political Advocacy

## What is the issue?

We interact regularly with governments, policymakers and other stakeholders to advocate for policies that support innovation, improve patient outcomes and recognise the need for prudent healthcare spending. Operating in a heavily regulated industry, our business model and market can be influenced by legislation and regulation. As a major multinational company, we seek to contribute to public policy debate especially in relation to life sciences and healthcare. We, along with other businesses and stakeholders such as non-governmental organisations, scientists, healthcare professionals, patients and industry groups, are frequently invited by governments to give our views on development of new policies. In all of our political engagements, we are committed to ensuring that we adhere to the highest ethical standards and legislative requirements. This paper sets out the company's approach to political advocacy or 'lobbying' activities.

## What is GSK's view?

- GSK's political advocacy activity seeks to promote a supportive economic and healthcare policy environment that enables patients to benefit from our medicines and vaccines. We aim to work in partnership with governments, payers, patients and other stakeholders on the development of legislative measures, policies and programmes that support innovation and improved patient outcomes while recognising the need for prudent healthcare expenditure.
- Our expectations to uphold the highest ethical standards when dealing with political and public policy stakeholders extends to all third parties with whom we work.
- We do not make corporate political contributions, nor do we sponsor party political meetings anywhere around the world.
- As part of our contribution to public policy discussions, we sponsor policy reports, meetings and events held by non-party political organisations, such as think tanks.
- Our work with political audiences and public policy groups is a priority for GSK's Global Leadership Team, which is accountable for ensuring our interactions with political stakeholders are conducted appropriately, ethically and transparently. Oversight of our political advocacy work is provided at Board level by GSK's Corporate Responsibility Committee.
- All employees involved in lobbying activities must follow the relevant requirements set out in our Code and relevant policies, including GSK's Anti-Bribery and Corruption policy [\[include link\]](#).
- We have strong internal controls, including written standards and training (key elements of which are mandatory for all employees) that set out the standards expected of any employees interacting with external stakeholders, including government officials.
- A dedicated and independent audit team assesses this internal control framework to ensure we comply with, and maintain, our ethical standards. In parallel with this, a Global Compliance function advises the business on the practical implementation of these controls; and a Corporate Investigations team manages investigations into alleged breaches of the framework. GSK will take appropriate action in response to any breaches of our internal controls, up to and including dismissing employees found in violation of them.

## Background

### Responsibilities

Much of GSK's public policy activity, including interactions with governments, is conducted by in-house personnel. The General Manager and the Communications and Government Affairs (CGA) function are typically responsible for overseeing and doing this work in the relevant market. However, on occasion GSK uses public affairs consultancies to advise on political engagement in specific markets. Primarily though, external consultancies monitor political and policy developments as well as provide advice and support to help shape our political advocacy approach.

External consultants may join GSK representatives in meetings and/or interactions with stakeholders and government officials. They cannot represent GSK on their own unless there is a strong rationale, in which case, they must disclose that they are there on behalf of GSK. Under all circumstances external consultants are governed by GSK policies and standards, as well as subject to the due diligence, contracting and monitoring checks conducted under our third-party management frameworks (see *below*).

### Political expenditure

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

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

### Political contributions

GSK does not make corporate political contributions, nor do we sponsor party political meetings anywhere around the world. Our approach includes a ban on any corporate contributions to candidates for State office in the US, although these are allowed under US law.

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

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

## Transparency

We are transparent in our engagements throughout the world. Examples relating to our political advocacy work include:

- **Lobbying costs:** We publish the costs associated with lobbying of EU institutions on the [European Transparency Register](#) and, in line with the US Lobbying Disclosure Act, we provide details of our expenditure on US Federal lobbying activities on the [US Federal lobbying register](#).
- **Public Policy Groups (PPGs):** We publish the global criteria we apply when selecting which PPGs to work with on GSK.com (see below).
- **Trade associations:** We publish an extensive list of our memberships of key pharmaceutical, vaccine and consumer product trade associations on GSK.com.
- **Policy positions:** GSK supports transparency and accountability in public decision-making and we publish position statements on key issues on gsk.com.

## GSK policies and standards

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

The GSK Code: Our Code sets out fundamental commitments for GSK and for all company staff. It sets out GSK's commitment to do the right thing as a responsible company, and our staff's commitment to act with integrity and care, complying with applicable laws, regulations, standards and policies – and to speak up if things don't feel right. The Code applies to the entire GSK workforce world-wide, within all sectors, regions, areas and functions, and is subject to annual certification by all staff. The GSK Code can be accessed at GSK.com.

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

Interactions with government officials: GSK has zero tolerance towards bribery and corruption. We do not improperly influence government officials to gain improper business advantages for GSK. Our Anti-Bribery and Corruption [policy](#) regulates all our interactions with officials from governments and government agencies. It ensures compliance with all applicable laws and regulations but also imposes stricter ethical commitments including a general prohibition on political contributions

It is not permitted for GSK staff to give gifts to government officials, except for nominal or token items, for example pens and commemorative photographs, provided that it is done in a fully transparent way and is in permitted under applicable laws.

GSK believes in the sharing of best practice, experience and insights across industry and government through the free movement of people throughout their careers. To this end, we implement transparent,

ethical and compliant employment practices for individuals who work in government or government agencies and wish to pursue opportunities within GSK.

### **‘Revolving door’ policy**

The flow of personnel between business and government can provide new insight and best practice, while also providing an opportunity for career development.

However, the so-called ‘revolving door’ between government and business employment also raises the risk of potential conflicts of interest. Hiring people with contacts or knowledge gained from their time in government or the public sector can be seen as an attempt to buy access and influence. GSK recognises that if such movements across sectors are not managed carefully, they have the potential to damage public trust and confidence in public office holders and the decisions they take generally. It could also have implications for GSK’s own reputation.

Hiring managers of former government officials must agree and document a plan to appropriately manage any potential or actual conflicts of interest that could arise. This could include a “cooling off” period, where former government officials do not work on any GSK matters that were (directly or indirectly) related to their prior public-sector role for a period long enough for the conflict issue to be mitigated.

### **Working with Public Policy Groups:**

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

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

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



## **Oversight**

Reporting and oversight of GSK's political advocacy work is conducted annually in our Annual Report, which is reviewed and approved annually by GSK's Board, as well as by the Board's Corporate Responsibility Committee.

## **Development**

Various training and skills programmes support the internal controls we have in place to ensure all political interactions are for legitimate purposes and are conducted appropriately and ethically.