Globally:

At GSK, we are committed to helping people do more, feel better and live longer.

Our values - patient focus, integrity, respect for people and transparency - are at the heart of every decision we make and we want them and the way that we conduct ourselves to be something that truly differentiates us.

This report highlights key areas of our work across Australia. To find out more about our activities, performance and deliverances read the GSK Annual Report and the Global Responsible Business supplement at gsk.com.

Expanding our graduated approach to intellectual property

We expanded our graduated approach to enforcing patents and intellectual property (IP) to widen access to medicines in the world’s poorest countries. IP protection will now reflect a country’s economic maturity and every GSK medicine on the WHO’s list of essential medicines will be included in these changes.

Responding to new diseases

GSK has proposed creating a Biopreparedness Organisation (BPO) - a dedicated, permanent organisation operating on a no-profit, no-loss basis and focused on designing and developing new vaccines against potential public health threats. GSK is actively engaging with governments, funders and non-governmental organisations to secure funding to enable the BPO to advance without delay.

Locally:

SheStarts

GSK Australia kicked off its partnership with BlueChilli – the country’s leading start-up accelerator - joining forces on SheStarts.

SheStarts is a national program designed to turbocharge female leadership in the start-up economy and address the gender gap, by championing the role of women in tech, leadership and business.

Medicines Manufacturing Innovation Centre

GSK-Monash partnership strong foundation for new Centre

Through our 2016 financial and in-kind support for the Medicine Manufacturing Innovation Centre, we’re building on seven years’ of successful partnership with the Monash Institute for Pharmaceutical Science and working to maintain Victoria’s global competitive advantage in pharmaceutical manufacturing, by developing key skills and support for commercial products and processes.
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Our approach
Transforming our business

In 2016 we have transformed our business model, not just delivering on our commitment to increase transparency and introduce a new model for medical education, but evolving and modernising the way we work as a whole, to add more value and continue to build trust.

We want our customers to be able to make more informed choices about how they manage their health. As such, we’ve made more of our research data available through open source programs and increased the internal data we share with healthcare professionals. Not only does this Building on our 2015 move to no longer incentivise sales representatives for prescription medicines based on individual sales targets, we have now become the first company to end direct payments to healthcare professionals for speaking about its prescription medicines and vaccines.

We believe these changes go a long way towards bringing greater clarity and confidence that our patients’ interests always come first whenever we talk to doctors, nurses or other prescribers.

Our Vaccines Business carried a strong performance throughout the year and we proudly remained the largest supplier to the Australian Government’s National Immunisation Program.

Our new respiratory assets continued to grow which helped bolster our leadership in the area of respiratory medicines and we remain committed to tackling the areas of highest unmet need in respiratory diseases.

GSK Consumer Healthcare Australia became the prime distributor for the combined GSK-Novartis consumer healthcare portfolio in Australia, following the completion of the Novartis Consumer Health Australasia Pty Ltd transaction and the effective transfer of the market authorisations. We saw a sustained rise in self-care in Australia, fuelled in part by an ageing population, greater access to health information and an increased interest in preventative health. With our expertise in respiratory and as a leader in both pain management and specialist oral health - through household brands such as Panadol, Voltaren and Sensodyne - we are well-placed to support consumers looking to manage their health proactively.

Exports from our Boronia manufacturing facility continue to represent a significant proportion of our Australian revenue and we are keen to ensure the continuous improvement of our manufacturing operations to maintain an efficient, cost competitive and sustainable supply network.

Stability and quality tests conducted this year have continued progress on our 2015 investment in a new pilot vaccine facility at Boronia, using blow-fill-seal technology. In November, we announced our decision to close our Consumer Healthcare manufacturing site in Emington, Australia in Sydney’s northwest.

The decision follows a review, which highlighted that the significant ongoing investment required in the site would make it uncompetitive to keep manufacturing in Sydney in the future. Production at our Sydney manufacturing site will gradually be transferred to a combination of other GSK manufacturing sites in our network and third-party contract manufacturers over the next four years. We want to express a heartfelt thank you to all of our employees who have played a part in contributing to the near 60-year legacy of our Global Manufacturing and Supply (GMS) in Sydney.

ViiV Healthcare Australia (VHCA) continued its strong growth from 2015, reporting a 35 per cent increase in its sales revenue. 2016 saw VHCA persist in its pursuit of treatment innovation and improvements to better the health and well-being of people living with HIV. Moving forward VHCA remains dedicated to working with all stakeholders to achieve the ambitious goals of the National HIV Strategy and reduce the impact of the virus in the community.

In 2016 we were privileged to not only grow our existing major partnerships with Save the Children and Monash University, but to foster new relationships with partners that align not only with our goals but also, and most importantly, with our values.

Our people continue to be our greatest asset and our commitment to investing in and developing our employees is stronger than ever. This year we have continued to build digital capability across the entire organisation. We have accelerated our digital transformation journey through collaboration with retail and digital partners to roll out global best practices and world leading local initiatives.

Through internal employee programs like PULSE, opportunities with our external partners and structured on-the-job learning and development, we want our people to feel empowered to make decisions and be confident that their hard work and innovative thinking is truly recognised and valued across the business.
Global business overview

GSK is a science-led global healthcare company that researches and develops innovative Pharmaceuticals, Vaccines and Consumer Healthcare products. In 2016, these businesses generated a turnover of £27.9 billion globally.

Looking forward, our strategies globally focus on increasing growth while also reducing our risks and improving our long-term performance. These key strategic priorities are:

- Grow a balanced business and product portfolio centred on our three global businesses;
- Deliver more products of value to offer improved treatments for patients, consumers and healthcare providers;
- Simplify the way we operate to reduce complexity and increase efficiency;
- Be a responsible business.

Operating in over 150 markets with almost 100,000 employees and a network of manufacturing and office sites in 75 countries around the world, we have a significant global presence.

Our dedication and determination to improve the health of people around the world is demonstrated through our focus in six core areas. By working in collaboration with over 1,500 partners, including academic institutions, biotechs, public-private partnerships and other pharmaceutical companies, we are able to increase our understanding of new areas of science and further progress research and development.

Our values of patient and customer focus, integrity, respect for people and transparency remain integral aspects of our work, and allow us to uphold responsible business practices while delivering success.

Pharmaceuticals

£16.1bn
2016 turnover
58% of Group turnover

Our Pharmaceuticals business discovers and develops medicines to treat a range of acute and chronic diseases. Our research is focussed across respiratory and HIV – where we are global leaders – as well as infectious diseases, immuno-inflammation, oncology and rare diseases.

Vaccines

£4.6bn
2016 turnover
16% of Group turnover

Our Vaccines business has the broadest portfolio of any company, with vaccines for people of all ages. We deliver over two million vaccine doses per day to people living in over 160 countries.

Consumer Healthcare

£7.2bn
2016 turnover
26% of Group turnover

Our Consumer Healthcare business develops and markets products in Wellness, Oral health, Nutrition and Skin health. Our global power brands, which include Otrivin, Panadol, Sensodyne and Voltaren, are some of the most trusted and best-selling brands in the world.

Invested

£3.6bn
Across the three businesses in 2016.

In 2016, we invested £3.6 billion in R&D expenditure across our three businesses. External partnerships and collaborations enable us to develop and access knowledge, and increase our understanding in new areas of science.
Local business overview

The GSK footprint in Australia encompasses over 1200 staff members who work together to help people do more, feel better and live longer.

Of our three Australian sites, two - Abbotsford and Boronia in Victoria - focus on our Pharmaceuticals business, while our Consumer Healthcare business is located in Ermington, New South Wales.

In 2016, we completed our acquisition of the Australian Consumer Healthcare activities of Novartis Consumer Health Australasia Pty Ltd in continuation with the global three-part transaction, allowing GSK to be the prime distributor for the combined GSK-Novartis consumer healthcare portfolio in Australia.

Closure of Ermington manufacturing facility

In November the closure of our GMS Sydney Consumer Healthcare manufacturing facility in Ermington was announced, with the site scheduled to cease operations in 2020.

The closure - which will ensure we are continuously improving our manufacturing operations, in order to maintain an efficient, cost competitive and sustainable supply network - is being phased over the next four years, as production is gradually transferred to a combination of other GSK sites in our network and third-party contract manufacturers.

For almost 60 years, GMS Sydney has been making and supplying Panadol products to the millions of consumers who rely on us. We are all very proud of this legacy, which our team in Ermington has worked very hard to achieve.

Key figures - business by turnover

Australia

Pharmaceuticals including manufacturing

$943 million

Pharmaceutical and medicinal exports

$457 million

Consumer Healthcare including manufacturing

$411 million

ViiV Healthcare Australia Pty Ltd

$78 million

Research and development

$39 million

Employee numbers in Australia

1,267
Spotlight: Vaccines

Vaccination is recognised worldwide as one of the best investments that any government or healthcare organisation can make. We are proud to be the largest supplier of vaccines to the Australian National Immunisation Program, helping to protect Australians against 14 different diseases through the provision of nine vaccines. Our vaccines have been helping to protect people from serious disease for well over 100 years. Today, our vaccines continue to tackle some of the world’s most devastating diseases, including pneumococcal disease, meningitis, hepatitis, rotavirus, whooping cough and influenza.

“Only clean drinking water rivals vaccination in its ability to save lives.”

World Health Organisation

Globally we deliver over two million vaccine doses per day to people across over 160 countries and in 2016, the business contributed £4.6 billion (16%) to the overall turnover of the Group. While Australia has a comprehensive childhood immunisation program and targeted adult schemes, there are still people needing assistance.

For over a decade, GSK Australia has supported Australian Immunisation providers through the GSK Immunisation Grants (previously GSK Immunisation Awards). These grants provide financial assistance for innovative projects that aim to increase awareness or uptake of vaccination. The GSK Immunisation Grants are one of Australia’s longest standing programs designed to encourage innovation and the sharing of best practice for immunisation providers.

We also remain committed to widening access to immunisation globally. For the least developed countries, we work closely with organisations such as Gavi, the Vaccine Alliance and UNICEF. These organisations are able to purchase large volumes of vaccines for the world’s poorest children at our lowest prices.

Did you know every year 2-3 million deaths are prevented as a result of vaccination? That’s greater than the populations of Canberra, Darwin, Hobart and Perth combined.

GSK is a science-led global healthcare company that makes medicines to treat a broad range of acute and chronic diseases. We have a significant global presence with more than 100,000 employees in more than 150 markets, including a network of 72 manufacturing sites in 34 countries.

Our global strategy is focused on key strategic priorities which underpin our ability to save lives. These priorities are:

• Be a responsible business.
• Simplify the operating model;
• Deliver more products of value;
• Lead innovation, pursue new opportunities and markets.

Our approach is underpinned by our values of patient and customer focus, responsible business operations, which are central to how we deliver success. Our work is responsible business operations (previously GSK Immunisation Awards).

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In 2012, the WHO and its 194 member’s states published an action plan on vaccination to extend access to immunisation to everyone in the world, promote innovation in the vaccines industry and prevent millions of deaths.

Over a third of our vaccines currently in development aim to protect against diseases for which there are no vaccines currently available. The other two thirds aim to improve our existing vaccines.

Although every disease, infectious or not will have its own challenges, our work to develop and introduce a new vaccine typically goes through seven stages.

**Vaccines research development cycle (industry average)**

<table>
<thead>
<tr>
<th>Identify antigens</th>
<th>Produce antigens</th>
<th>Pre-clinical testing</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Proof of concept</th>
<th>Phase III</th>
<th>File</th>
<th>Registration/post marketing surveillance</th>
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<td><strong>Research</strong></td>
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Tackling antimicrobial resistance

Antimicrobials, and specifically antibiotics, play a crucial role in modern medicine. As such, the steady increase in antibiotic-resistant bacteria has become a serious threat to global public health.

Tackling antibiotic resistance is a challenge we want to be part of solving, but one company cannot do it alone.

In January, GSK signed up to a groundbreaking declaration of more than 80 pharmaceutical and diagnostics companies, committing to work with governments and in parallel to address the issue of antimicrobial resistance.

Building on the Declaration, which sets out commitments across three broad areas: reducing the development of antimicrobial resistance, increasing investment in R&D and improving access to antibiotics for all, in September, we also added our signature to an industry “Roadmap”, which lays out a series of specific actions for fulfilling the commitments of the Declaration.

In 2016 we also made a commitment to helping China tackle the health threats posed by antibiotic resistance and infectious diseases, through the formation of the Institute for Infectious Diseases and Public Health - a new public health institute in Beijing.

We have a long heritage and expertise in antibiotics going back 40 years, and we’re committed to continuing our research in this area.
Health for all

We are committed to developing innovative products and extending access to healthcare to more people, no matter where they live or their ability to pay. We are tackling some of the greatest global health challenges by innovating to meet unmet needs, making our medicines and vaccines more accessible, and strengthening healthcare systems.

**Award for Research Excellence**

Since its introduction in 1980, the GSK Award for Research Excellence (ARE) has been awarded 35 times and is now considered one of the most prestigious awards available to the Australian medical research community.

The award’s alumni includes some of Australia’s most noted scientific researchers such as, Professor Tony Basten, Professor Nicos Nicola and Professor Peter Koopman.

In 2016, Professors Arthur Christopoulos and Patrick Sexton from Monash University added their names to the list.

The professors won the ARE in recognition of their ground-breaking research which explored “dimmer switch” medicines with the potential to help patients with obesity, diabetes and schizophrenia.

Their research into G protein-coupled receptors (GPCRs) has begun unravelling the complexities of drug action that could lead to more targeted medicines.

According to Christopoulos and Sexton, medicines that can be "turned up" or "turned down" rather than "on and off" will give doctors more variability to tailor treatment to a patient’s medical needs.

Medicines based on this principle will allow patients to lead a more normal life without the side effects associated with existing drugs.

As an innovation-focussed company, GSK places high value on medical research. In recent years the work of Professors Arthur Christopoulos and Patrick Sexton has challenged traditional views of how medicines were thought to work. It is our great pleasure to be able to continue to recognise some of Australia’s most important leaders and innovators in the medical research sphere with the GSK ARE.

**Humanitarian emergency response**

Humanitarian crises are becoming more frequent, more widespread and more complex with Asia-Pacific being the world’s most disaster-prone region. It’s clear that a new approach is needed to help tackle the challenges facing our increasingly interconnected and global community.

In partnership with Save the Children and Deakin University we are supporting the development of a Graduate Certificate in Humanitarian Health and research into humanitarian health to educate and up-skill health professionals to prepare them for deployment in the most crisis-prone countries, enabling more effective humanitarian action in the event of a disaster.

It’s a new approach that presents a truly global partnership between private sector corporations, philanthropists, NGOs, governments and academia.

*Read more at: au.gsk.com/savethechildren*
Patient Advocacy Groups

We continue to work closely with various patient organisations operating in a wide range of disease areas throughout the country.

In recognition of the importance of patient groups remaining independent we limit the financial support we provide to no more than 25 per cent of the total annual revenue or any group and publicly disclose who we support each year.

In 2016 we provided $AUD 340,158.00 in financial support or donations to patient groups across Australia.

Groups who received independent grants this year include Allergy and Anaphylaxis Australia, Asthma Australia, Foundation 49: Men’s Health, Lung Foundation Australia, Meningitis Centre Australia, Meningococcal Australia, Polio Australia, Pulmonary Hypertension Association of Australia, Rare Cancers Australia and Rare Voices Australia.

Clinical studies

Our ability to bring clinical trials to Australia remains a key priority. In 2016, 52 clinical trials were conducted directly by our GSK clinical research teams or in partnership with our global Clinical Research Organisation partners.

These studies are important in developing new medicines and vaccines, and provide insights into patient needs and improved treatment options. They also allow patients the opportunity to be involved with innovative new drug development from which they may receive early benefit prior to product launch.

Australia remains a strong contributor to the global R&D organisation and is considered a reliable and expert partner in the delivery of global clinical trials.

ViiV Healthcare

Australia launches world’s first HIV health and wellbeing app

ViiV Healthcare Australia (VHCA) proudly launched MyLife+, a first-of-its-kind, health and wellbeing app to help people navigate the HIV journey.

Developed in collaboration with people living with HIV (PLHIV) and in partnership with the National Association of People with HIV Australia (NAPWHA), MyLife+ was designed to empower PLHIV to take control and self-manage, build health literacy through educational content and enable PLHIV to have better planned conversations with healthcare professionals.

Through the app VHCA want to help address the stigma of HIV and show the wider Australian public that HIV is a condition impacting real people, across every walk of life — with unique and evolving needs for support.
Our People

We need a talented and motivated workforce to deliver against our strategy. To achieve this, we strive to attract the best people and to create an environment that empowers and inspires.

Community investment
We continue to make donations to local charities in recognition of the communities in which we operate. In 2016 our global community investment totalled £210.2 million, an increase from £208.3 million the previous year.

These global contributions comprised £67.3 million cash, £127.2 million of product and in kind donations to support humanitarian aid and £3.4 million in volunteering time and expertise. Management of these global contributions accounted for the remaining £12.3 million.

In Australia, we provided more than $460,000 in donations to organisations including the National Youth Science Forum, Foodbank and Save the Children Australia.

Closing the gap in digital tech
The impact of rapidly evolving digital tech on science innovation is continuing to drive a lot of disruption within the healthcare industry and it’s important for both men and women to contribute to this disruption equally.

As such, in 2016 we partnered with BlueChilli on SheStarts, to help close the gender gap for digital tech entrepreneurs. Women remain grossly under-represented in the world of start-ups – the place where the future’s most innovative, high potential businesses are being created – making up as little as between 14%-24% of Australian start-up founders.

SheStarts offers female entrepreneurs a huge opportunity to make their start-up ideas a reality. In addition to $100k each in pre-seed capital and a spot in its accelerator program, SheStarts provides ten women - selected from a national talent search to find the best ideas to solve major global challenges and tap into disruptive market opportunities – with access to leading corporate partners offering specialist insights and ready-made opportunities for customer testing and distribution at launch.

GSK remains committed to driving digital innovation in the healthcare sector, not just through R&D, but also by developing new business ideas and processes. Partnering with BlueChilli ‘SheStarts’ is just one of the ways in which we’re bringing this commitment to life, by facilitating even more innovative thinking and building the digital capabilities of our employees.

For more information visit: au.gsk.com and search SheStarts

Gender Diversity
At GSK, creating an inclusive organisation that respects the diversity of our patients, the communities we serve and our employees is a key focus.

The very essence of successful science innovation relies on diversity of perspectives and thought to find the new solutions.

In 2016 women represented
53% of recruits

In our Future Leaders programme

40% Management
17% Corporate
Executive Team
36% Our Board

In 2016 women made up
46% of GSK businesses

Grade 7 and up in

Australia
Spotlight: Pulse Assignment

The PULSE Volunteer Partnership is GSK’s flagship skills-based volunteering initiative. Since its launch in 2009, over 600 GSK employees from 60 different countries have experienced PULSE assignments. Working on assignments aligned with the UN Sustainable Development Goals of ‘Good Health’ and ‘Quality Education’, our employees use their professional skills to help create positive, sustainable change for more than 110 of our partner non-profit organisations and the communities they serve.

Monique

Monique George, a member of the GSK Australia Sales Excellence Team was selected as a 2016 PULSE volunteer. She was assigned a six-month placement with Leonard Cheshire Disability International, based in their offices in Lusaka, Zambia. For her assignment Monique worked on a simple but critical deliverable of the Kafue Project, which targeted 12 schools in the district with the aim of creating access to equipment and education for 180 children with disabilities.

In the following blog excerpt Monique describes some of the challenges, emotions and achievements she experienced during her time with Leonard Cheshire.

After conducting a very successful project review meeting, it was evident to the team that we had some great opportunities to work on. Never has the GSK skill of utilising ADP (Accelerating Delivery and Performance tools) and asking the ‘5 Whys’ felt as effective and impactful as when it uncovered a barrier to getting close to 100 children access to medical equipment.

Most excitingly we left the project review meeting with something I could really sink my teeth into. It was feeling like we were moving from treading water in the problem zone to powering through into solutions.

...What became apparent very quickly was there was little to no interest in expediting the distribution of these materials to the kids at the schools we were working with.

After coping a few hits, and it feeling like a slug would beat us to the finish line, my colleague and I walk into a meeting to procure some quotes for hearing aids for 22 children we had identified. The hurt and pain in my brain from needing things to happen dissolves away when we meet Alfred and hear those magical words he spoke; “Let me tell you what I can do for you…”.

The next weeks are now filled with clarity and purpose, and a sense of optimism that feels damn good. The demons of failure are far behind me now. I have a spring in my step and everything in my head says this is how it should be. Finding the connections and unlocking the potential to make a difference. This is where I know I can make a difference.

Now it is just logistics and planning and engaging the right people to pull this off. The best part of it all, knowing the difference made is going straight to the kids I met weeks ago. If my heart broke a little when I first surveyed the area when I first arrived, it is soaring with possibilities now.

It took the right question to the right person: tell us what you do? Then it was a matter of applying that all important skill of listening. That is when it all happened. The jackpot moment.

More information about GSK’s PULSE program is available at gskpulsevolunteers.com
Agnes

Agnes Ong, Area Finance Operations Director based in Singapore, spent three months on a PULSE assignment with Save the Children Australia (SCA), at their Melbourne head office.

Agnes’ major task during her assignment was to establish a realistic view of the profit and loss of core activities. To do this, Agnes would need to use her financial expertise to understand the key activity drivers and the cost base of all the SCA departments and company support functions, then allocate the costs against the respective income generators.

“I have always wanted to contribute in a way where I can use my skills to make an impact on the community. This PULSE assignment with SCA is perfect for that because I get to apply my financial skills to provide support to the NGO, and at the same time, I am able to witness first hand, the inspiring impact the volunteers and our partnership have on the communities.”

“I realised how difficult it was to raise funds, how competitive the fund raising scene is and how small reserves NGOs have to work with.”

Agnes Ong, Area Finance Operations Director
Singapore

Tamsin

Tamsin Davidson, Senior Clinical Research Associate completed her 2016 assignment in Kigali and Rwinkwavu, Rwanda working with Partners In Health (PIH). In her role as an Informatics Consultant, Tamsin worked to create a long-term strategy and implementation plan for the informatics team to improve data collection, cleaning, storage, and utilisation. This included organising and analysing a range of PIH’s incoming data such as internally collected data, data from the Rwandan Ministry of Health and community data.

“PULSE is about changing yourself, changing the community and changing GSK. It certainly changed me. Hopefully I’ve brought positive change to the Rwandan community and I’m returning to GSK with a new perspective.”

Tamsin Davidson,
Senior Clinic Research Associate
Our Behaviour

New industry business model a first for Australian pharma

Three key changes came into effect at GSK Australia on January 1st, representing a fundamental shift in our local business model.

Increasing peer-to-peer discussions with GSK medics: As technical experts on our medicines and vaccines we’re responsible for explaining them. To that end, we have increased the number of doctors and academics that are part of our team to provide educational support.

Moving to independent medical education: Medical education will continue to be supported by GSK where educational gaps are identified and third parties have robust propositions to address them. However, this support will now be at “arm’s length” via medical education partners with no involvement from GSK.

No direct payments to healthcare professionals: GSK has now phased out payments to healthcare professionals to speak on GSK’s behalf about our prescription medicines and vaccines or the diseases they help to treat or prevent. Instead GSK medical staff, as experts on our products, will have an increased role in external communication.

#1 on Fortune’s ‘Change the World’ companies list

In August, FORTUNE Magazine published its 2016 list of companies that are changing the world, and we were honoured to be ranked as number one.

The Fortune ‘Change the World’ list recognises 50 companies across the globe that are tackling major societal problems and significantly improving lives as a function of their business strategy. The companies featured in the list are evaluated and ranked based on measureable social impact, the economic benefit brought to the company by its socially impactful initiatives and the degree of innovation involved in the effort.

Our ranking reflects the dedication and commitment of our people around the world to modernise the way we do business. We’ve changed how we incentivise our sales professionals, furthered our partnership with Save the Children, gained a positive scientific opinion for our malaria vaccine candidate, opened up access to our intellectual property and committed to reinvesting 20% of our profits made in Least Developed Countries back into strengthening their health systems.

At the heart of FORTUNE’s “Change the World” list is a belief that good business is also good for society. Our focus on improving access and affordability, regardless of where people live or their ability to pay, makes both moral and business sense.

GSK tops Access to Medicines list for fifth consecutive year

November saw GSK ranked first in the Access to Medicine Index for the fifth consecutive time, taking a leadership position in research & development; pricing, manufacturing and distribution; and product donations.

The Access to Medicine Index is a major initiative of the Access to Medicine Foundation, an international not-for-profit organisation, established in 2004 and dedicated to improving access to medicines. The Index provides an overall ranking of 20 pharmaceutical companies who are measured across a range of strategic and technical areas and also analyses industry trends in commitments, transparency, performance and innovation.

The 2016 Index described GSK as the most access-oriented company, recognising our efforts to implement equitable pricing strategies for more medicines and our long-standing commitment to developing products and technologies for the benefit of global health.

The Index also noted the significant changes we’ve made to our commercial model to lead the industry in modernising how we sell and market our medicines, such as no longer paying doctors to speak on our behalf about our prescription medicines or vaccines and removing individual sales targets for our pharmaceutical representatives.

We are proud to have achieved an improved score on the 2014 Index and to have been ranked among the top three in all but one of the seven categories.
Our Behaviour

Investing in students

We continue to play a leading role in inspiring young people to get into science, technology, engineering and maths. As a research-led healthcare company we feel well placed to raise awareness of and provide a range of career opportunities.

Bringing science to the classroom

Employees at our Boronia Pharmaceutical manufacturing site turned classrooms into ‘science labs’ and led science lessons in local schools through our corporate volunteering programme ‘Orange Day’. During these sessions, GSK showed students how medicines are tested using science such as chromatography, the science of separation.

By bringing science to the classroom as part of our ongoing community investment, we hope more students will consider science as a future career.

National Youth Science Forum

In 2016 GSK continued its partnership with National Youth Science Forum (NYSF) to promote science and raise awareness of the breadth of science-related careers among Year 11 and 12 students across Australia. As part of the partnership GSK Australia hosted tours for NYSF students of the Boronia manufacturing facility.

Industry Based Learning

In Australia, we supported 50 Industry Based Learning (IBL) students in 2016 working across all areas of the business including marketing, finance, HR and procurement.

Graduates

We recognise the importance of investing in the future leaders of tomorrow and we’re committed to providing opportunities for emerging talent. Through our Future Leaders Program nine graduates joined us in preparation for a future career as a leader in healthcare.

We recognise the future of our business ultimately lies in the hands of today’s students and we want them to be as energised as we are.
Our Planet

GSK Boronia’s environmental sustainability statistics:

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<tr>
<th>CO2</th>
<th>Water</th>
<th>Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy-usage related CO2 emissions for 2016 were</td>
<td>Water-usage in 2016 was</td>
<td>Total waste generated at the Boronia site in 2016 was</td>
</tr>
<tr>
<td>12,845 tonnes</td>
<td>31,632 kL</td>
<td>1,440 tonnes</td>
</tr>
<tr>
<td>an increase of 5% from 2015</td>
<td>A negligible change from 2015</td>
<td>a decrease of 11% from 2015</td>
</tr>
<tr>
<td>Increased production and a minor mechanical fault resulted in a slight rise in the overall emissions.</td>
<td>A zero increase in water usage was maintained despite increased production and reduced rainfall and rainwater harvest.</td>
<td>Boronia’s total waste was comprised of 99 tonnes to-landfill, 1208 tonne recycled and 133 tonne of hazardous waste.</td>
</tr>
</tbody>
</table>

The impact of the environment on our health is undeniable.
As a global healthcare company we continue to look for ways to help tackle the causes and effects of environmental change as part of our work to deliver health for all.

We remain committed to our ambitious environmental goals to reduce carbon, water and waste and to become a carbon neutral value chain by 2050.

Our global goals:
We aim to reduce our environmental impacts across our value chain while extending access to our products, by minimising our carbon footprint, water use and operational waste.

Since 2010 we have made good progress towards our environmental goals and a cleaner future and we continue to look for ways to work more efficiently and reduce consumption.

In 2016 we were recognised as a global leader in both the CDP Climate and Water A Lists. Only 193 companies (9% of applicants) made the Climate A List and

<table>
<thead>
<tr>
<th>Time</th>
<th>Reduce our carbon footprint (CO2 emissions)</th>
<th>Reduce our water impact</th>
<th>Reduce and recycle waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 progress towards global sustainability goals</td>
<td>An increase of 8.5% from 2010 baseline*</td>
<td>A decrease of 23% from 2010 baseline</td>
<td>A decrease of 23% from 2010 baseline</td>
</tr>
</tbody>
</table>

In 2016, we revised our calculation method for our Scope 3 emissions with the current GHG protocol methodology**

<table>
<thead>
<tr>
<th>Aim for 2050</th>
<th>Carbon neutral</th>
<th>Supply chain using water sustainably</th>
<th>Zero waste</th>
</tr>
</thead>
</table>

* Excluding Novartis, our footprint has remained flat from 2010-2015 despite the volume of medicines, vaccines and consumer healthcare products shipped from our factories having increased by approximately 40% over the same period.

** Our most recently available Scope 3 data is from 2015. The 2016 data will be published on gsk.com in late 2017.
Since 2010, more than 90 tertiary-level students have gained real-world experience through internships between MIPS and GSK. Many of whom have gone on to obtain positions with GSK or other companies within a short period of completing their degrees.

The pharmaceutical manufacturing sector employs thousands of workers directly, and since 2009, GSK has invested over $100 million on expanding our manufacturing in Victoria.

Through our 2016 financial and in-kind support for the Medicine Manufacturing Innovation Centre (MMIC), we’re building on seven years’ of successful partnership with the Monash Institute for Pharmaceutical Science (MIPS) and working to maintain Victoria’s global competitive advantage in pharmaceutical manufacturing, by developing key skills and support for commercial products and processes.

"Our industry operates in a highly competitive environment internationally, and Government programmes like the Medicine Manufacturing Innovation Centre have an important role to play in improving Australia’s position." – Anne Belcher, VP and GM GSK Australia

At MMIC, next generation talent will be trained through joint mentoring of project-employed researchers and undergraduate student placements to develop specialist skills in pharmaceutical technology, Good Manufacturing Practice (GMP) and analytical troubleshooting.

"The launch of the Medicine Manufacturing Innovation Centre sends a strong signal that the Victorian government wants to work with the Australian pharmaceutical industry to accelerate innovation and is an opportunity for Government funding to stimulate further investment." – Anne Belcher, VP and GM GSK Australia

Since 2010, more than 90 tertiary-level students have gained real-world experience through internships between MIPS and GSK. Many of whom have gone on to obtain positions with GSK or other companies within a short period of completing their degrees.

Did you know the pharmaceutical industry spends approximately $1 billion on R&D in Australia each year and is the second largest exporter of manufactured goods in Australia, at $3bn a year?
The World Health Organisation has declared Zika to be a public health emergency of international concern.

GSK has been assessing how we can best contribute to a response and we are now preparing to evaluate a new vaccine technology for Zika known as SAM (self-amplifying mRNA).

Working in collaboration with the Vaccine Research Center at the National Institutes of Health, we will explore SAM in laboratory-based studies before transitioning to clinical research if successful.

We believe that this novel technology may have the potential to induce protective immunity against Zika, but we have a long journey ahead of us. Vaccine research and development is a lengthy process, typically taking 10-15 years.

In the interim and to complement our research efforts, we are also working with our humanitarian partners in the region, Save the Children and AmeriCares. Through these partnerships we are continuing to support prevention and education efforts which are vital in tackling the spread of the virus at a community level.

Zika, along with a number of other recent outbreaks such as Ebola, show how essential it is that the world takes a proactive approach to identify and respond to future public health threats in advance of outbreaks. This preparedness will go a long way in preventing devastating consequences for human health, economies and global security and at GSK, we continue to seek out new and innovative ways to be able to drive and support these kinds of strategies.
Our approach to responsible business

The way we conduct our business is just as important as our financial performance. Our success depends on our ability to research and develop innovative medicines, vaccines and consumer healthcare products and make them more accessible for more people in a responsible way.

Responsibility is integrated across every area of our business and remains central to our company strategy.

The Responsible Business Highlight Report provides context and detail for how we address what we consider to be key priorities for running a responsible business: Health for all, Our behaviour, Our people, Our planet. These key areas were selected because they align with macro economic and social trends that are impacting contemporary business and wider society.

In an effort to provide context to our local business in Australia and New Zealand and to demonstrate how we work as a global company, we have included references to both global and local initiatives in this document. More information about our global governance, sustainability targets and details about how we are performing as a global healthcare company can be found at www.gsk.com.
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Here you will find downloadable PDFs of:
• Annual Report 2015
• Annual Summary 2015
• Responsible Business Supplement

All money is in Australian Dollars unless otherwise specified.
Front cover: Sheryl Page, Vaccines Director, GSK Pharmaceuticals Australia