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Submitted by email to codereview@frc.org.uk

10 August 2011

Dear Chris,

Financial Reporting Council (“FRC”) Consultation: Gender Diversity on Boards

We are grateful to have the opportunity to respond to the issues raised in the FRC *Gender Diversity on Boards* consultation.

We fully support the recommendations of Lord Davies’ report, *Women on Boards* (the “Davies Report”), but believe that the scope of the debate should be broadened to include all aspects of diversity, of which gender diversity is obviously an important factor.

We believe that it is key to achieving the Company’s mission, throughout our geographical, social and economic markets, to have a truly diverse employee base. However, we are very cautious of an overly-prescriptive solution and do not believe it is appropriate or necessary to introduce legislation to address this issue. We strongly believe that Boards are best placed to understand their own requirements, and to determine their membership profile as required by their own unique circumstances.

In the attached schedule, we set out our responses to the specific questions raised by the consultation.

Please do not hesitate to contact me at the above address if you should have any questions or if you wish to discuss any of these matters further.

Yours sincerely,



Victoria Whyte
Company Secretary
GlaxoSmithKline plc

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RESPONSES TO THE FINANCIAL REPORTING COUNCIL CONSULTATION: GENDER DIVERSITY ON BOARDS

Whether further changes to the UK Corporate Governance Code (the “UK Code”) are needed in order to help achieve more diverse and more effective boards?

We fully support the recommendations made in the Davies Report aimed at raising the proportion of women on UK boards. We agree that it is logical that the UK Code should be amended to assist in achieving more diverse and effective boards.

Corporate Governance statements are the appropriate vehicle for disclosure on board diversity, including gender, on a “*comply or explain*” basis. To bring a degree of consistency to companies’ disclosures on their board diversity targets, including their progress towards increasing the representation of women on their boards, the UK Code could provide a coherent framework around which companies can report against and shareholders can measure and compare progress across the companies in which they invest.

In addition, diversity, including gender, is acknowledged as an important ingredient in the make-up of an effective board, and is explicitly reflected as such in the New Guidance on Board Effectiveness which was released by the FRC after the UK Code was published. We also believe that it is appropriate that the UK Code clarifies that a board’s policy on diversity, including gender, is one of the components to be considered as part of the annual evaluation process of a board’s effectiveness.

What the changes should be?

We have reviewed the content of the proposed revisions. We are content that they could assist in the process of achieving more diverse and effective boards. We would caveat this by noting the undue focus on a boardroom gender policy. Our comments below are confined to highlighting that, although it is important and correct that gender diversity should be reflected in the proposed revisions, it should not overly detract from the value of diversity generally.

Lord Davies’ recommendation called on the FRC to amend the UK Code to establish “*a policy concerning boardroom diversity*”. We are therefore surprised that the FRC should propose additional wording for existing Code Provision B.2.4 and a new Supporting Principle to Principle B.6 that incorporates “*the board’s policy on gender diversity*” This singles out gender diversity for special attention over and above other aspects of diversity. We would suggest that the wording for both principles is amended to read “*the board’s policy on diversity, including gender*”. We believe that this emphasis more accurately captures Lord Davies’ intent. It also aligns the proposed changes to the UK Code to the wording of Supporting Principle B.2, which requires that the benefits of diversity on the board, including gender, should be taken into account during the search for and appointments of new board members.

When should the changes come into effect?

In light of the EU Commission’s (“EC”) statement that it will consider “*targeted initiatives to improve the gender balance in decision-making*”, we support the introduction of any necessary amendments to the UK Code at the earliest possible opportunity.

We do not believe that it is necessary or appropriate for the UK government or the EU to introduce prescriptive legislative requirements to address this issue.