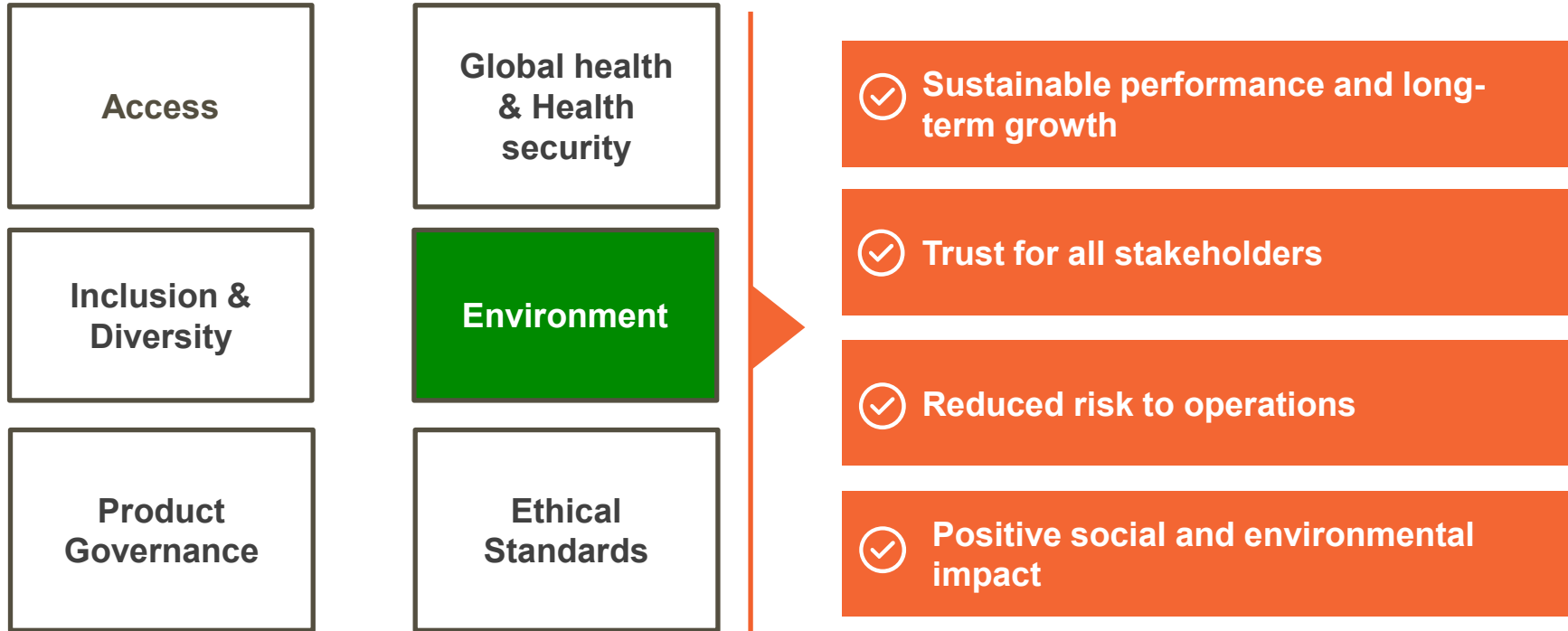


# Investor education event: Environment

5 April 2022

# ESG performance to deliver health impact and shareholder returns





# Claire Lund

Vice President of Environmental Sustainability

# Agenda

Six key areas to cover

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**1. Strategy and goals**

**4. Targets and progress**

**2. Long-term value creation**

**5. Working in partnership**

**3. Integration into operations**

**6. External recognition**

An aerial photograph of a narrow, clear river flowing through a dense tropical forest. The water is a vibrant turquoise color, reflecting the sky. A small wooden boat with a blue outrigger is positioned in the upper left quadrant of the river. The forest is lush with various shades of green, including palm trees and other tropical vegetation. The overall scene is serene and natural.

Ambitious goals for 2030:

Net zero impact on *climate* ☀️

Net positive impact on *nature* 🌿

# Strategy overview



## Our environmental sustainability targets

### Net zero impact on climate by 2030\*

- Net zero emissions across all operations by 2030 (scope 1 and 2)
- 100% renewable electricity by 2025 (scope 2)
- Net zero emissions across our full value chain by 2030 (scope 3)

### Net positive impact on nature by 2030\*

#### Water

- Achieve good water stewardship at 100% of our sites by 2025
- Reduce overall water use in our operations by 20% by 2030
- Be water neutral in our own operations and at key suppliers in water stressed regions by 2030
- Zero impact active pharmaceutical ingredient levels<sup>1</sup> for all sites and key suppliers by 2030

#### Materials and waste

- Zero operational waste, including eliminating single use plastics<sup>2</sup> by 2030
- 25% environmental impact reduction for our products and packaging by 2030
- 10% water reduction from supply chain by 2030

#### Biodiversity

- Positive impact on biodiversity<sup>3</sup> at all sites by 2030
- 100% of agricultural, forestry and marine derived materials sustainably sourced and deforestation free by 2030<sup>4</sup>

← Across our entire value chain – from lab to patient use and disposal →

# Climate and nature related financial disclosures



Managing environmental risks and opportunities

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- TCFD provides recommendations for climate-related disclosures and enables stakeholders to understand carbon-related assets and exposures to climate-related risks
- GSK was one of the first in our sector to disclose against TCFD
- GSK's climate-related disclosures are consistent with TCFD recommendations



**Taskforce on Nature-related  
Financial Disclosures**

- TNFD was established in response to the growing appreciation and need to factor nature into financial and business decisions
- GSK leads TNFD Metrics and Targets Working Group
- In March, TNFD launched a beta version of the framework

# Sustainability supports long-term business success



The right thing for people, planet, and our business

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## Risks

- **Supply:** Increasing frequency of extreme weather events and hot days could cause disruption at manufacturing sites
- **Operational costs:** Carbon pricing on operational carbon emissions could increase operating costs
- **Increasing restrictions:** Regulations governing use of high global warming potential substances could lead to increasing cost and restrictions

## Opportunities

- **Builds business resilience**
- **Protects supply chain**
- **Adapts ahead of expected regulation change**
- **Spurs innovation**
- **Commercial growth**



# Integrating sustainability into operations



Delivery of our climate and nature goals by 2030 is embedded across our business

## Corporate Responsibility Committee (CRC)

- Board level with Chair, CEO, and President Pharmaceutical Supply Chain (Regis Simard) as regular attendees
- Oversees Trust priorities, including environmental sustainability goals
- Exercises oversight, provides guidance, and reviews performance
- New CRC Chair, Dr. Anne Beal, from May 2022



## GSK Leadership Team

- Ensures effective framework to manage risks and deliver on commitments
- Regis Simard has responsibility for environmental sustainability
- From 2022, ESG remuneration target for nature and climate ambitions



## GSK Sustainability Council

- Attended by leaders from across the business who play a key role in delivering our goals e.g. procurement, finance, R&D, facilities, manufacturing
- Chaired by Regis Simard
- Supported by Global Sustainability Team who provide specialist expertise and advice to the business



+


Net zero  
impact on  
☀️ *climate*

# Climate targets aligned to industry standards




 Covers **full value chain** of emissions reductions


 **Science Based Targets Initiative** accredited that our carbon targets align to a 1.5° pathway

 Disclosed climate change risks aligned to the **Taskforce for Climate-related Financial Disclosure (TCFD)** since 2019

## Climate targets\*:

 Net zero emissions across all operations by 2030 (scope 1 and 2)

 100% renewable electricity by 2025 (scope 2)

 Net zero emissions across our full value chain by 2030 (scope 3)

\* Targets use 2020 as baseline

# Clear understanding of where to focus our efforts



## Understanding our value chain carbon footprint

### Understanding our value chain carbon footprint

#### Purchased goods and services

Scope 3 emissions from the goods and services that GSK buys from other companies.



- Purchased goods: 2.6m tonnes CO<sub>2</sub>e per annum
- Purchased services: 1.6m tonnes CO<sub>2</sub>e per annum
- Capital investments: 0.2m tonnes CO<sub>2</sub>e per annum
- Commuting: 0.04m tonnes CO<sub>2</sub>e per annum
- Business travel: 0.04m tonnes CO<sub>2</sub>e per annum
- Upstream energy: 0.1m tonnes CO<sub>2</sub>e per annum

#### GSK's operations

Scope 1 and 2 emissions from running our labs, factories and commercial offices.



- Energy: 0.6m tonnes CO<sub>2</sub>e per annum
- HFA and manufacturing emissions: 0.3m tonnes CO<sub>2</sub>e per annum
- Sales force: 0.1m tonnes CO<sub>2</sub>e per annum

#### Logistics

Scope 3 emissions from delivering medicines, vaccines and consumer health products across the globe.



#### Patient and consumer use

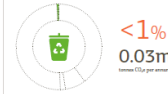
Scope 3 emissions from patients and consumers using our products.



- Use of metered dose inhalers: 5.8m tonnes CO<sub>2</sub>e per annum
- Use of other products: <0.1m tonnes CO<sub>2</sub>e per annum

#### Disposal

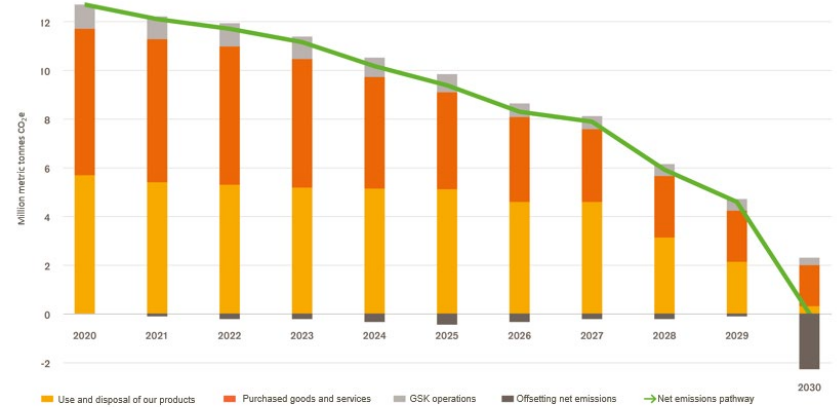
Scope 3 emissions from the disposal of our products by GSK patients and consumers.



**11.59m** Total estimated new GSK emissions tonnes CO<sub>2</sub>e per annum\*

\*Based on data from 2020

## Projected carbon reduction pathway to 2030



\*The new goals apply principally to GSK's Biopharma business and portfolio. Our Consumer Healthcare business will also contribute towards these goals through delivery of its own targets, whilst it is part of GSK.

# Operational emissions: 8% overall footprint



Reduced Scope 1 and 2 carbon emissions by 15% compared to 2020

## + Renewable electricity



- Member of RE100
- In 2021, reached **67%** renewable electricity, +15% since 2020

## + Electric vehicles



- Member of EV100
- In 2021, **4%** of sales fleet electric or hybrid vehicles

## + Energy reductions



- Energy efficiency programmes
- Green chemistry

# Indirect emissions: 92% overall footprint



Reduced Scope 3 emissions by 8%

## Supply chain



- 40% of overall footprint
- Launched **Energize** with peers to reduce supplier emissions
- **Manufacture 2030** helping to engage suppliers to measure and manage emissions reductions

## Patient use



- 50% of overall footprint
- Initiated R&D programme to find alternative, greener propellant; if successful would reduce impact >90%

## Logistics



- 2% of overall footprint
- Transitioning from air freight to sea freight wherever possible



Net positive  
impact on  
*nature* 

# Nature targets – leading and aligning to industry standards



- ✚ Covers **full value chain** of our impact on nature
- ✚ Trialing **Science Based Targets For Nature** methodology for our sector; will seek to accredit our target when the methodology is finalised
- ✚ Lead a working group for the **Taskforce for Nature-related Financial Disclosure (TCFD)**

## Nature targets cover:





# Water targets



Fundamental to human health and sustainable production of medicines and vaccines



## Achieve good water stewardship at 100% of our sites by 2025

- In 2021 91% of sites already complied with code



## Be water neutral in operations and at key suppliers in water stressed regions by 2030

- Reduced water use by 21% in sites in high water stress regions
- Identified 8 initial water basins in water stressed regions



## Reduce overall water use in our operations by 20% by 2030

- In 2021 reduced overall water use in our operations by 16% compared to 2020



## Zero impact active pharmaceutical ingredient levels<sup>1</sup> for all sites and key suppliers by 2030

- In 2021, 95% of sites and 90% of our suppliers that manufacture antibiotics complied with AMR Alliance industry standards on safe discharges

1. Below the predicted no-effect

# Materials and waste targets

Scope of waste targets support transition to circular economy; keeps materials in use



## Zero operational waste, including eliminating single use plastics<sup>1</sup> by 2030

- Zero operational waste to landfill in 2020
- In 2021, reduced waste by 7%; recovered 43% of these materials through circular routes like reuse or recycling.



## 10% waste reduction from supply chain by 2030

- Building a waste footprint to identify hotspots across supply chain



## 25% environmental impact reduction for our products and packaging by 2030

- Eco-design programme
- Sustainable cardboard packaging
- Launching first PVC free blister packs
- Product 'tear-downs' to find environmental improvement opportunities

# Biodiversity targets



Spans operational and supply chain impact, and nature-based solutions



## Positive impact on biodiversity at all sites<sup>1</sup> by 2030

- Piloted approach with baseline assessment and action plans at three sites
- Pilot projects will be rolled-out so all GSK sites have measurable and effective biodiversity plans in place by 2025



## 100% of agricultural, forestry and marine derived materials sustainably sourced and deforestation free by 2030

- Sustainable sourcing plans for 17 highest-risk materials
- Developed sustainable sourcing standards for paper packaging based on Forest Stewardship Council requirements

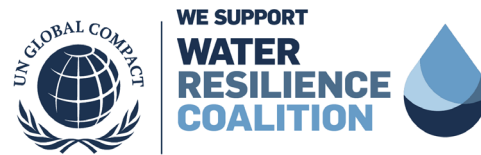


## Nature-based solutions for climate and health

- Participant of the Lowering Emissions by Accelerating Forest finance (LEAF) Coalition

1. GSK-owned sites

# Working together to develop new ways of thinking and innovative approaches



# ESG Ratings Performance



Leading scores in various ESG ratings

## CDP

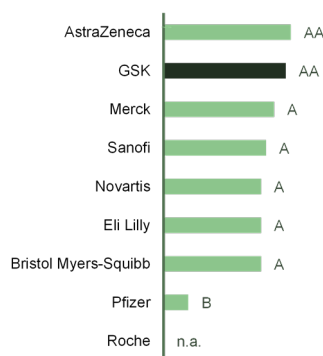
**A-** in Climate<sup>1</sup>  
**B** in Water<sup>2</sup>  
**B** in Forests<sup>3</sup>  
**Supplier Engagement Leader**<sup>4</sup>

**Dow Jones Sustainability Index**

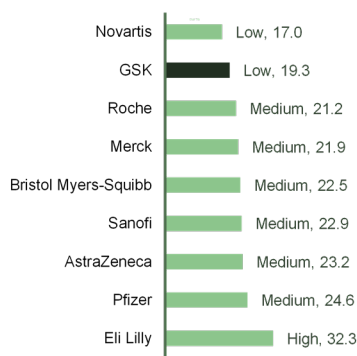
**1st**

in Pharma group

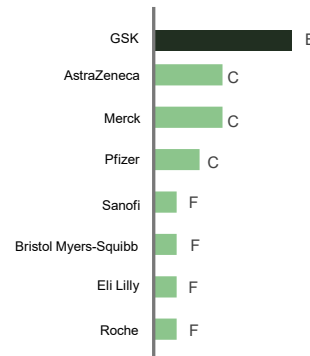
## MSCI



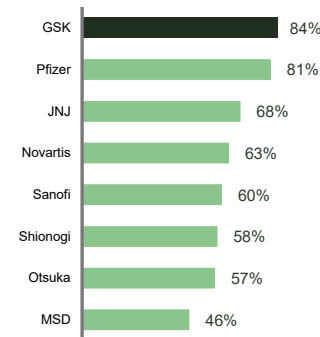
## Sustainalytics



## CDP Forests



## AMR Benchmark

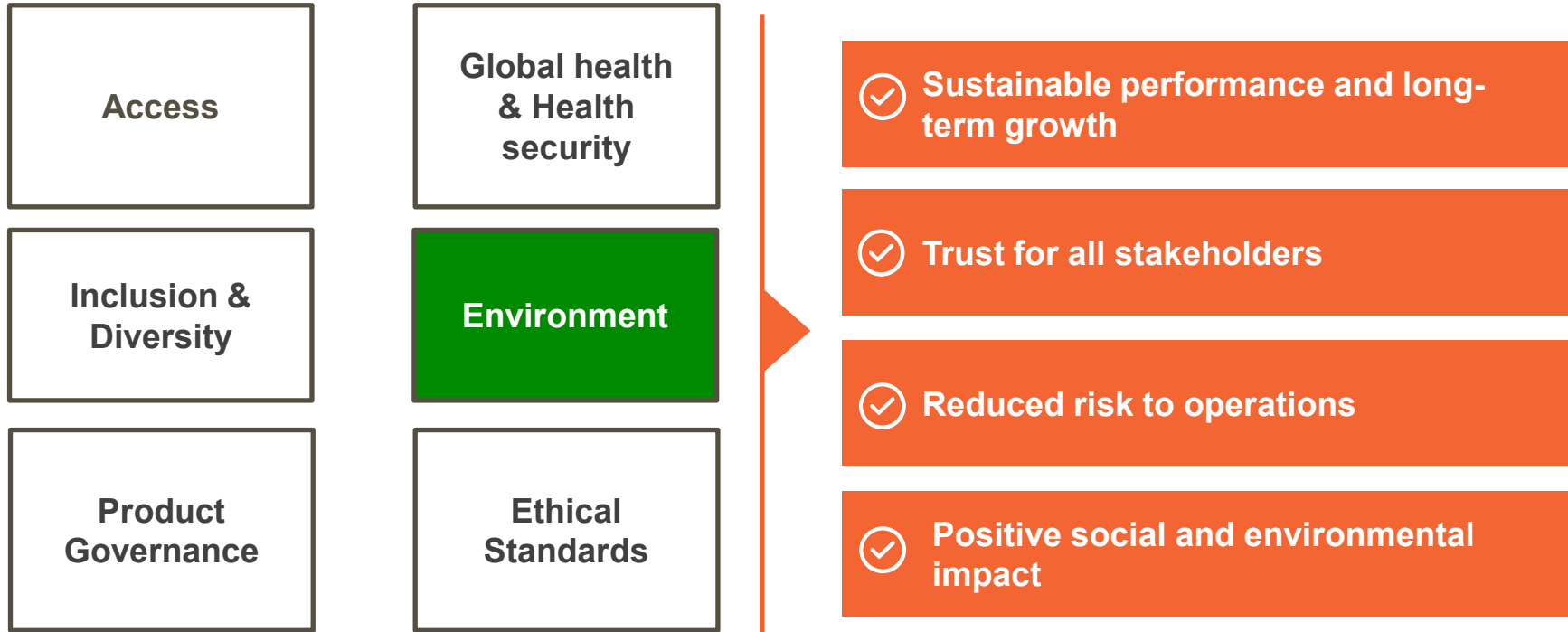


Top quartile positions in various ESG ratings and indexes for our sector

Clear aim to retain top quartile leadership in these ratings as New GSK

1. Up from B the previous year 2. In line with sector average 3. Forest scores published for first time; Received B in both timber and palm oil commodities, above sector average of C for timber and in line with sector average for palm oil 4. Awarded to 8% of companies who disclosed to the full climate questionnaire

# Environment performance to deliver health impact and business growth



# Q&A housekeeping



- ✓ Q&A will be moderated using the “raise hand” function
- ✓ When you are selected to ask a question, you will be promoted to speaker
- ✓ Once promoted to speaker, please turn on your video and come off mute to ask your question
- ✓ If we run out of time, please submit your questions using the Q&A function

An aerial photograph of a narrow, turquoise river winding through a dense, lush green tropical forest. The water is clear and reflects the surrounding foliage. In the upper left quadrant, a small blue outrigger boat with two people is visible. The forest is composed of various types of trees and plants, including palm trees. The overall scene is vibrant and serene.

**Q&A**