Climate-related financial disclosures continued

Transition plan

We are taking action to reduce emissions across our full value chain, prioritising the highest-impact areas. We will invest around £1 billion from 2020-30 to deliver emissions reductions and removals to achieve our targets though the activities outlined below.

Beyond 2030 we expect we will be left with the harder-to-tackle emissions from across our supply chain, our own operations, logistics, and disposal. In many cases, addressing these residual emissions is likely to depend on technologies, infrastructure and regulatory frameworks that require broad public/private collaboration. So our decarbonisation plan is interdependent with the broader economic transition and follows a similar timeframe.

Our progress in reducing carbon emissions can be found on page 50.

Direct operations

In order to continue reducing Scope 1 & 2 emissions across our operations by 2030, we are focusing on:

- maximising energy efficiency in our sites through our long-standing energy efficiency programme
- transitioning to 100% imported renewable electricity by 2025 by investing in power purchase agreements, supplemented by the purchase of energy attribute certificates
- increasing the use of electric vehicles by our sales fleet

Risks and uncertainties

In some markets where we operate, such as Singapore, accessing renewable electricity will be challenging because of the limited generation capacity and the market boundary rules governing imported electricity.

There are uncertainties in the transition to renewable heat. High-temperature heat produced by electricity is not generally commercially available today. Biogas can replace natural gas without introducing major changes to facilities but is not widely available in the locations where we operate. The use of biomass as fuel could introduce issues of land use change and impacts on local air quality.

The transition to 100% electric vehicles by 2030 could be restricted by vehicle availability, lack of charging infrastructure and sourcing of key materials for battery production.

Supply chain

Our Sustainable Procurement Programme requires our suppliers to disclose emissions and set carbon reduction targets aligned with a 1.5°C reduction pathway. We also work with suppliers, particularly those with the largest footprint, to encourage them to adopt new sustainability measures.

Supply chain emissions are a shared challenge across our sector, and we are working with our peers on collaborative initiatives such as:

- the Activate programme to help Active Pharmaceutical Ingredients (API) suppliers accelerate decarbonisation initiatives
- the Energize programme to encourage the use of renewable energy throughout the pharmaceutical sector's supply chain
- the Manufacture 2030 initiative to encourage suppliers to measure, manage and reduce their emissions
- the Pharma LCA consortium is a group of eight global pharmaceutical that have come together via the Pharmaceutical Environment Group with support from the Sustainable Markets Initiative to co-develop a shared way of measuring and reporting environmental product footprints

Risks and uncertainties

Pharmaceutical manufacturing processes are highly regulated by different agencies across the world which may slow down the implementation of some decarbonisation initiatives.

Our supply chains are complex and can involve several intermediate stages of production that are highly product-specific. Our volume demand on specific materials is quite low which can reduce our ability to influence where we only purchase a small share of a supplier's production.

Many suppliers are based in regions where renewable electricity and heat is less available than elsewhere.

Measuring Scope 3 emissions is complex and challenging and there is a lack of primary data from suppliers. Methodologies involve using spend-based estimates mixed in with activity-based data, industry average data and extrapolations based on subjective choices and judgments. As data systems, processes and controls mature and more primary data becomes available, there may be the need to restate reported emissions data in the future.

Product impact

The use of our products makes up 57% of our carbon footprint. Patient use of GSK's rescue metered dose inhaler (MDI) medication, *Ventolin* (salbutamol), accounts for just under half (48%) of our carbon footprint. We are investing in an R&D programme and a large factory upgrade project to redevelop this inhaler by transitioning to a lower-carbon propellant. Recent data from early clinical trials has supported the decision to progress to phase III and dosing of first patients is planned in the first half of 2024. If successful, regulatory submissions will begin in 2025.

Risks and uncertainties

Metered dose inhalers are complex devices, and any new medical propellant must meet a specific range of technical performance characteristics to be safe and efficacious for patients.

We are engaging with medical regulators such as the US Food and Drug Administration (FDA), European Medicines Agency (EMA) and the UK Medicines and Healthcare Products Regulatory Agency (MHRA) on how advances in pharmaceutical product design can reduce the environmental impact of medicines.