

Climate-related financial disclosures continued

Other business support

The Sustainability Council is supported in assessing and managing climate-related risks and opportunities by:

- the sustainability programme steering team, which is chaired by the VP Sustainability that meets monthly and co-ordinates the sustainability programme and associated workstreams. This team monitors programme performance and the progress of the enablers required to deliver the sustainability programme
- sustainability councils within each business, which meet quarterly to review their business unit performance and delivery against the company sustainability ambition. These are chaired by senior leaders within the business who also attend the GSK sustainability council
- the Metered Dose Inhaler steering team, which is attended by senior leaders from across the commercial, supply chain, regulatory and R&D businesses aligned to our respiratory business. This team is chaired by the President Global Supply Chain, who also chairs the Sustainability Council and is the decision-making body for the programme to reduce the climate impact of metered dose inhalers which contribute to approximately 50% of GSK's total GHG emissions
- the Capital Allocations Board (CAB), which is chaired by the CFO and includes the Group Financial Controller, reviews climate-related capital expenditure as part of its annual planning and capital allocation process
- the ESG Reporting Hub, which was established in 2023, provides oversight and assurance of ESG performance data, including carbon emissions data
- The carbon offset programme steering committee, which includes the Group Financial Controller and the VP Sustainability, who also attends Sustainability Council, reviews the due diligence outcomes of potential carbon offset projects, the performance of established investments and makes new investment decisions
- A cross-functional team from the Sustainability, Finance, Supply Chain and Procurement functions performs an annual review of climate risks to monitor previously identified climate risk and escalate new or emerging climate risks to the Sustainability Council
- Results of climate scenario modelling are shared with business unit Risk Management Control Boards (RMCB)

Strategy

The climate-related risks and opportunities we have identified over the short, medium, and long term

Climate-related risks and opportunities are considered in three different time horizons:

1. short term (less than three years) aligning with financial planning timeframes
2. medium term (three to ten years) aligning with long-term business forecasting timeframes

3. long term (more than ten years) to enable us to explore the uncertainties in changes to weather, disease patterns and societal responses to climate change across the globe

We have identified and prioritised these climate-related risks and opportunities:

Risks:

- changes to regulations governing the supply of high global warming potential (GWP) substances by the EU, UK and US governments could restrict our ability to manufacture metered dose inhalers
- future regulatory policy responses to address climate change could lead to the imposition of carbon taxes by countries where we manufacture and source goods from third parties
- increasing levels of water stress could lead to interruptions to supply of water to our and third-party supply sites
- increasing frequency and impact of extreme weather events that could disrupt to GSK and third-party supplier sites
- nature-based projects might not deliver sufficient volumes of carbon credits to offset 2 million tonnes CO₂e per year from 2030, requiring us to buy additional credits at higher cost

Opportunities:

- At COP28 in 2023, more than 70 countries committed to provide low-carbon healthcare systems. This could lead to increasing demand for low-carbon medicines and vaccines
- Several reports exploring the impact of climate change and health have shown that climate change affects water- and vector-borne diseases. This could lead to increasing demand for new medicines and vaccines

The processes for identifying and assessing climate-related risks and opportunities are set out in the Risk Management section. We will continue to monitor for emerging risks and new data to include in future assessments.

The impact of climate-related risks and opportunities on our business, strategy and financial planning

Our commitment to work towards a net zero, nature positive, healthier planet with ambitious goals set for 2030 and 2045 is embedded in our strategic long-term priorities, always considering the social, environmental and governance impacts of everything we do from laboratory to patient.

Our near-term carbon reduction target is an 80% reduction in Scope 1 & 2 and Scope 3 carbon emissions by 2030. Our long-term carbon reduction target is a 90% reduction in Scope 1 & 2 and Scope 3 carbon emissions by 2045. Both targets are measured against a 2020 baseline.

These targets are aligned to the 1.5°C pathway and were approved by the Science Based Targets initiative (SBTi) during 2023.