

# GSK Public policy positions

## Water Stewardship

### The Issue

Since 1990 over 2 billion people have gained access to improved water and sanitation; nevertheless dwindling supplies of safe drinking water remain a major problem impacting every continent (source: UNDP). Water scarcity currently affects more than 40% of people around the world and is projected to increase with the rise of global temperatures as a consequence of climate change.

Against this background, competition for scarce water resources is an increasing threat to economic development and a growing business risk that affects us all. Out dated public policy, that fails to account for the impact of climate change on water management, could exacerbate this risk.

Fresh water is critical to achieving universal health coverage, to providing sanitation facilities, and to safeguarding livelihoods. It is also essential to producing healthcare products. As such, there is a clear link between the availability of fresh water and GSK's mission to help people do more, feel better, live longer.

GSK faces a number of challenges across our entire supply chain related to water scarcity and management, ranging from the sourcing of raw materials and the impacts of our manufacturing and research facilities, to the use and disposal of our products by patients and consumers. We are committed to ensuring water is managed sustainably and equitably as a shared public resource.

This paper sets out how GSK is responding to water scarcity, including our commitments to reduce our direct consumption of water, to reduce the impact of water consumption throughout our supply chain and to safeguard water quality.

### GSK's Position

As a responsible business and a signatory of the United Nations CEO Water Mandate GSK has made water stewardship a priority. Our approach comprises the following four elements:

1. **Ensuring Water Availability:** We strive to minimise water use in our direct operations and to work with our suppliers in water scarce areas to do the same. In water scarce areas we have implemented aquifer recharge and water recycling systems where appropriate and will continue to do so.
2. **Maintaining Water Quality:** We strive to preserve the quality of water in communities where we operate; to ensure that our water effluent does not adversely affect people or the environment; and to work with regulators and local governments to ensure we meet all local water quality requirements. We are also working with the third parties to embed our environmental standards in their operations. .
3. **Supporting Access to Water and Sanitation for all:** We recognise the Human Right to Water, which, as defined by the United Nations, entitles everyone to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use. As a global company we support efforts to provide safe, clean, accessible and affordable drinking water and sanitation for the communities in which we operate.
4. **Managing Regulatory & Reputational Risks:** We believe we have a responsibility to work with key stakeholders on water issues and to advocate for strong and effective water governance and regulations. In addition, in areas of high risk water scarcity we actively engage with stakeholders and other local water users to develop action plans to mitigate these risks. We also engage our suppliers to help them understand their water footprint and ways to reduce water use across the value chain.

### BACKGROUND

Only a tiny proportion of the earth's water is fresh and easily accessible. Current estimates suggest that 92% of available fresh water is used for agricultural purposes with the balance shared roughly equally between industrial and domestic use.

### GSK and Water Stewardship

For GSK, water stewardship goes beyond being an efficient water user and employing good waste water practices. It is about collaborating with key stakeholders including suppliers, governments, other businesses, non-governmental organisations and local communities around identifying and implementing the most effective water management policies. Water scarcity is greatly influenced by how water is conserved, used and distributed amongst communities and because water is a shared resource all users have to cooperate to ensure its use is sustainable. This is made difficult because water basins frequently cross national boundaries and the true value of water is rarely reflected in its price.

### GSK's Water Usage

GSK uses fresh water in our manufacturing processes and while it is an integral part of many of our products such as antibiotics and vaccines our use is not particularly intensive. It is also essential to the supply of raw materials, particularly those which come from agriculture. Along with the rest of the pharmaceutical industry, GSK has a requirement for relatively low volumes of ultra-pure water.

GSK and its legacy organisations have had water reduction programmes in place for many years. In the ten years to the end of 2010 GSK reduced our direct consumption of water by more than 30%. We remain committed to this water reduction programme and in five years up to the end of 2015 a further reduction of 20% occurred.

GSK is now taking this programme into our supply chain, targeting suppliers and contract manufacturers in water scarce areas and helping them to assess their water use and progress water saving projects. We estimate that around 80% of our value chain water footprint is associated with the raw materials we buy and the majority of this is associated with agriculture.

For example since 2014 GSK has worked closely with The Energy and Resources Institute (TERI), a sustainable development NGO in India, to assess how we can help reduce water impact in the rural Indian communities that supply us with the wheat, barley and milk used to manufacture Horlicks. We have piloted an assessment approach with 10 direct material suppliers and 20 rural villages. We have identified projects to address water conservation, rainwater harvesting, waste water treatment, groundwater recharge and rehabilitation of water bodies, and are investigating options to implement these identified projects.

### Preserving Water Quality

We carry out environmental testing on all our pharmaceuticals, including relevant consumer healthcare products, to generate data to support our submissions to Regulatory Agencies. This data is also invaluable for setting our own environmental standards or emission limits to minimise GSK pharmaceuticals/compounds discharge from our manufacturing sites so that it is considered safe for the environment and for people. We also work with industry groups and regulators to continually update the methodologies used to evaluate the impacts of our products on the environment.

We expect third parties with whom we work to adopt similar environmental standards as GSK in their operations, including water quality preservation. The diversity and nature of our supply chain relationships is extensive and complex. The process for embedding our environment standards in all relevant third party contracts will therefore take time. It will be subject to a risk based approach and given the significant environmental and public health implications associated with substandard operations driving antimicrobial resistance it will initially focus on third party suppliers of antibiotics.

Where third party standards are found lacking remediation steps will be taken. Our commitment is to ensure that factory discharges from all third party antibiotic manufacturers are negligible by 2020.

### Community Engagement

GSK has been a signatory since 2009 of the UN CEO Water Mandate - a global programme designed to help companies develop, implement and disclose sustainable water practices. The focus to date has been in health worker and teacher training and support to encourage healthy behaviours in resource poor settings. GSK has focused on three main areas:

- **PHASE (Personal Hygiene And Sanitation Education):** This is a GSK programme which provides guidance on the importance of hand washing, sanitation, good oral health and other hygiene practices. PHASE aims to reduce diarrhoea-related disease associated with poor hygiene, and to improve children's overall health and well-being. Since its launch in Kenya in 1998, PHASE has reached over 1.5 million children in some of the world's poorest communities, extending to twenty countries across sub-Saharan Africa, Central and South America, South East Asia and Europe. PHASE motivates teachers to engage children in health supporting behaviours and helps to develop the relationship between primary healthcare, primary education, community development and water and sanitation. Knowledge about safe drinking water, safe excreta disposal; washing hands with soap, oral care; bathing and grooming not only supports life skills but is also the right of every child.
- Since 2013 GSK has also been working closely with Save the Children with the aim of saving the lives of one million children through focussing on their preventable deaths, including deaths from water borne diseases. By 2015 they had reached 3.6 million people, including 1.3 million children with the Partnership's interventions which include the principals of PHASE.
- In water scarce areas we recognise that we need to do more than just decrease our consumption, we need to help recharge the aquifers. We are achieving this by harvesting rainwater onsite and in the local communities e.g. we have captured the water at schools close to one of our factories in India which has recharged the aquifer and removed stagnant water around the schools thereby helping to decrease the disease burden in that area.

More information about GSK's Water Stewardship programme can be found in GSK's Responsible Business Supplement which is published annually.

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