

# GSK Public policy positions

## Deforestation-Free Sourcing

### The Issue

Deforestation is the conversion of primary or secondary natural forest into agricultural production areas, tree plantations, or other land uses. Deforestation comes in many forms, including fires, clear-cutting for agriculture, ranching and development, unsustainable logging for timber and degradation due to climate change.

From 2000-2012, estimates indicate that expansion of commercial agriculture and timber plantations destroyed more than 50 million hectares of tropical forests with dire consequences for biodiversity and significant implications for human health, property and livelihoods. Risks include an increased spread of diseases such as malaria and aggravated respiratory problems caused by smoke from deforestation fires. Deforestation continues at a rate of 15 million hectares of forest each year, an area almost twice the size of Ireland.

As a purchaser of certain key commodities, such as paper and pulp, palm oil and soy originated materials, GlaxoSmithKline (GSK) acknowledges our business may contribute to deforestation. We are however committed to taking steps to ensure that we are sourcing these commodities in a responsible way. This paper summarizes our approach and our progress towards deforestation-free sourcing.

### GSK's Position

- GSK acknowledges that purchasing companies can play a role in how agricultural and forestry commodities are produced to ensure that they do not contribute to deforestation, forest degradation or other harms. We are committed to moving towards “deforestation-free sourcing” for all key commodities<sup>1</sup> purchased directly by GSK or indirectly on our behalf by Contract Manufacturers.
- Embedding our deforestation-free commitment across our business is an ambitious undertaking. The complexity of our operations, as well as those of our Contract Manufacturers, requires a detailed and robust compliance framework. We are currently prioritising action relating to our own supply chain but over time we will look to hold our Contract Manufacturers accountable for upholding our standards.
- As part of our deforestation-free commitment, we have developed supplier selection criteria and sourcing standards for paper packaging and palm oil materials. Adherence to these standards will be assured by various mechanisms, including surveys and contractual terms. Similar selection criteria will be developed over time for other key commodities.
- In addition to respecting all local laws and regulations, we expect our suppliers to work with us towards deforestation-free sourcing, including no destruction of high conservation value areas<sup>ii</sup>, high carbon stock forests<sup>iii</sup> and peatlands<sup>iv</sup>. We also expect them to respect human rights, in particular the labour rights principles set out in GSK's policy on [Working with Third Parties](#).
- Where performance gaps are identified we will work, where feasible and appropriate, with suppliers and Contract Manufacturers to develop improvement plans. Where sufficient progress cannot be achieved, we will stop working with these suppliers and Contract Manufacturers.

## Background

### GSK Use of Relevant Commodities

We are committed to identifying all commodities used by GSK that could have links to deforestation or other social or environmental risks. To date, we have focused on paper packaging and palm oil; the next group of materials to focus on will be palm oil derivatives.

- **Paper Packaging**

GSK currently uses around 100,000 tonnes of paper packaging globally in our own operations; hence our decision to work with the Rainforest Alliance on establishing a sourcing standard for packaging based on the principles of the Forest Stewardship Council (FSC). Our goal is to source at least 90% of paper packaging from responsible sources by 2020. We regularly assess suppliers to ensure they meet the standard and publically report on progress in our Responsible Business Supplement.

- **Palm Oil**

We are a small user of palm oil. At a minimum we offset palm oil used in our own operations with a credit trading scheme, which supports the production of sustainable palm oil or we purchase material certificated to an internationally recognized standard for sustainable palm oil growing.

- **Palm Oil derivatives**

Our current focus of activity is palm oil derivatives, recognizing heightened concerns about their impact as a driver of deforestation. In collaboration with Rainforest Alliance, we have developed a sourcing standard for materials which we plan on piloting with selected Consumer Healthcare brands, before rolling out to a broader range of products in the future.

Our aim is to ensure that all direct supplies of palm oil, kernel oil and its derivatives used in our products are free from deforestation, although we recognize this will be a challenge due to the complex nature of our supply chains.

### Stakeholder Engagement

GSK is committed to working with others in finding deforestation-free solutions. We collaborate with other stakeholders in the supply chain, government, and civil society on deforestation and related topics and seek out other opportunities to contribute to industry activities that focus on improving sustainable sourcing for the healthcare industry.

GSK participates in industry groups such as the Consumer Goods Forum, UN Global Compact and reporting tools such as CDP. We also consult with civil society on our deforestation-free and responsible sourcing strategy and implementation process. Meeting our deforestation commitments also requires close engagement and collaboration with our suppliers and Contract Manufacturers.

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<sup>i</sup> The Consumer Goods Forum has identified the following key commodities as key drivers of deforestation: paper and pulp, palm oil, soy and beef.

<sup>ii</sup> High Conservation Value (HCV) areas are areas of biological, ecological, social or cultural value which are considered outstandingly significant or critically important, at the national, regional or global level.

<sup>iii</sup> The High Carbon Stock (HCS) approach is a methodology used to distinguish areas of land suitable for plantation development from forest areas that should be protected in the long term, due to the significant amount of carbon that would be released if converted, as well as having rich biodiversity value.

<sup>iv</sup> Peatlands are wetlands with a thick water-logged organic soil layer (peat) made up of dead and decaying plant material. They include moors, bogs, mires, peat swamp forests and permafrost tundra. GSK commits to no new development on peatlands, regardless of depth. Where work is already underway, we follow Best Management Practices as outlined in the RSPO Manual on "Best Management Practices (BMPs) for Existing Oil Palm Cultivation on Peat".