

GSK Public policy positions

Deforestation-Free Sourcing

The Issue

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, and this paper summarizes our approach and our progress towards that goal.

GSK's Position

- We are committed to moving towards “deforestation-free sourcing” for all key commodities¹ purchased directly by GSK or indirectly on our behalf by Contract Manufacturers. The complexity of our operations, as well as those of our Contract Manufacturers, makes this an ambitious undertaking requiring a phased approach.
- To date, we have focused on paper packaging, palm oil and palm oil derivatives and have developed supplier selection criteria, as well as sourcing standards for these commodities in conjunction with the Rainforest Alliance. 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.
- We worked with the Rainforest Alliance to establish a sourcing standard for paper packaging, based on the principles of the Forest Stewardship Council (FSC). We currently source 88% of our paper packaging from responsible sources and aim to get to 100% by 2030.
- We also worked with the Rainforest Alliance to develop an internal sourcing standard for palm oil and its derivatives. We regularly assess our supply chain against this internal standard.
- In 2017, we became members of the Roundtable on Sustainable Palm Oil (RSPO); a global, multi-stakeholder initiative promoting the production and use of sustainable palm oil. As part of our membership we commit to reporting publicly on our progress on the sustainable sourcing of palm oil. This information will be available on the RSPO website from April 2019.
- 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 areas², high carbon stock forests³ and peatlands⁴. We also expect them to respect human rights, including 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.

¹ The Consumer Goods Forum has identified the following key commodities as key drivers of deforestation: paper and pulp, palm oil, soy and beef.

² 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.

³ 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.

⁴ 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”.

Background

Embedding Our Deforestation-free Commitment

We are committed to addressing all key commodities used by GSK that could have links to deforestation or other social or environmental risks. To date, we have focused on paper packaging, palm oil and palm oil derivatives. 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 sourcing standards.

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). We regularly assess our supply chain to ensure it meets the standard.

Palm Oil and Palm Oil derivatives

GSK uses approximately 30,000 tonnes of materials made of palm oil in a variety of products, a very small amount of this comprises pure palm oil; the vast majority of our use is palm oil derivatives. Of this, 80% is glycerine, with the remainder being oleochemicals used in a variety of products.

Our aim is to ensure that all palm oil and its derivatives used in our products are free from deforestation. This is an ongoing challenge due to the complex nature of supply chains; however, we are gradually moving towards its realisation.

We regularly assess our supply chain against our internal sourcing standard, developed in conjunction with the Rainforest Alliance. To date, our analysis has found that the majority of our palm oil materials are sourced from suppliers with sustainable sourcing policies in place. For those that don't, we work with them to ensure that they develop improvement plans. If the supplier does not show satisfactory progress, we may take additional action such as finding an alternative supplier.

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.

The Consequences Of Deforestation

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.

According to Global Forest Watch, annual tree cover loss globally amounts to approximately 290 thousand square kilometres, an area similar in size to Italy. This has dire consequences for biodiversity as well as significant implications for human health, property and livelihoods. Health risks include an increased spread of diseases such as malaria and aggravated respiratory problems caused by smoke from deforestation fires.

November 2018