

# SmithKline Beecham Senior Executive Pension Plan

**Summary Pension Trustee Report**  
For the year ending 31 December 2022



# Welcome to your Report

Welcome to the Summary Trustee Report for 2022 for the SmithKline Beecham Senior Executive Pension Plan (the 'Plan'), which provides a summary of the finances, investments and funding of the Plan over the year to 31 December 2022.

## Investment update

2022 was a challenging year for many pension investments. As was well publicised at the time, there was a great deal of volatility in UK Government Bond markets in particular, which impacted investments held by some pension schemes. Markets have since stabilised though inflation remains relatively high.

The Plan was largely insulated from these events due to purchase of a bulk annuity policy from Aviva in 2019 which secured the majority of future benefits of all the Plan's members. This policy pays an income to the Plan equal to the amount needed to pay members' benefits, regardless of market conditions.



## Membership

The figures below show the membership of the Plan as at 31 December 2022.

Membership	Deferred members	63
	Pensioners	624

**Deferred members** - are employees and former employees who have accrued benefits but haven't retired. Three of the deferred members were active members, covered for Death in Service benefits only, on 31 March 2022 when accrual in the Defined Benefit ('DB') section ceased.

**Pensioners** - are receiving a pension from the Plan.

## Financial highlights

The table below summarises the financial information for the year to 31 December 2022

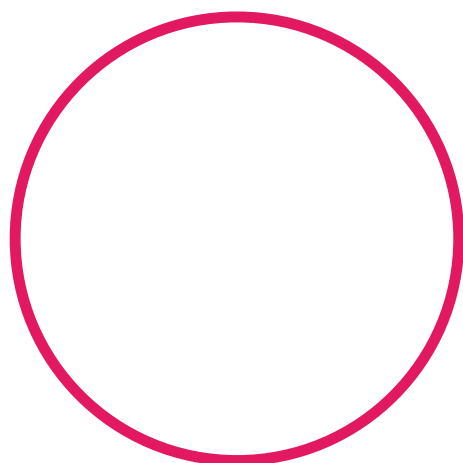
	£m
Value as at 31 December 2021	646
Income - GSK contributions*	1
Investment returns	(152)
Expenditure**	(37)
Value as at 31 December 2022	458

\*Expenditure includes benefits paid, transfers to other schemes and administrative expenses.



### How the DB assets are invested

At 31 December 2022 the Plan's DB asset allocation was invested as shown below. The position reflects the purchase of a bulk annuity policy from Aviva in 2019 to secure the majority of future benefits of all the Plan's members (a 'buy-in'). This asset provides a hedge against the Plan's liabilities with a small remaining asset allocation in index linked government bonds and cash.



■ Return seeking 0%

This includes Equity, Multi-Asset Funds, Diversified Growth Funds and Property.

■ Liability matching 100%

This is the bulk annuity with a small additional allocation in cash and bonds.

## Defined Benefit section

### The funding position of the Defined Benefit section of the Plan

Formal actuarial valuations are normally carried out every three years. A formal valuation of the Plan was carried out as at 31 December 2020, which showed the Plan had a funding surplus of £6M (101% funded).

Following the bulk annuity contract taken out with Aviva on 9 May 2019, which secured the majority of future benefits of all the Plan's members, the Plan has retained a small surplus which was intended to cover the cost of other benefits that are outside the scope of the Aviva policy, including the costs associated with GMP equalisation.

The Trustee and GSK regularly monitor the funding of the Plan and as at 31 December 2022 the Plan was estimated to be 100% funded (with no surplus or deficit) compared to 101% funded (£6m surplus at 31 December 2021). The slight fall in funding was due to the award of a discretionary pension increase (effective from 1 January 2023). The Company is expected to make a contribution that will fund the cost of this discretionary increase.

### Additional contributions

As the Plan is in surplus, there is no requirement for the Company to pay additional contributions. However, both GSK and the Trustee have a common objective for the Plan to continue to be fully funded.





## Defined Benefit section

### If GSK were to become insolvent

In the unlikely event that GSK were to become insolvent, the Plan would have to be wound up and the Trustee would seek to secure members' benefits with an insurance company.

If responsibility for the Plan's benefits were to be transferred to an insurance company, the actuary estimated that the Plan had sufficient assets, as at 31 December 2022, to secure around 100% of members' benefits (compared to around 100% as at 31 December 2020, the date of the last formal valuation).

Pension Plan members' benefits receive a degree of protection from the Pension Protection Fund (PPF). If GSK were to become insolvent and there were insufficient funds in the Plan to provide pension benefits, the PPF might be able to take over the assets and pay compensation to members.

#### No payments to GSK

The law requires the Trustee to confirm whether there were any payments made to GSK from the Plan's assets since the last summary funding statement. We can confirm that no payments have been made to GSK from the Plan's assets.

#### No intervention by the Pensions Regulator

The law requires the Trustee to confirm whether the Pensions Regulator has modified the Plan Rules, issued statutory directions regarding the funding of the Plan or imposed a schedule of contributions on the Plan, in accordance with its powers under the Pensions Act 2004. We can confirm that the Pensions Regulator has taken no such steps in relation to the Plan.



## Additional Voluntary Contributions (AVCs)

### Investment fund performance for the year to 31 December 2022

The table below shows the performance figures (after fees) for the largest three Defined Contribution ('DC') investment funds.

Funds	Over the last year	Over the last 3 years (Annualised)
GSK Lifecycle	(8.6%)	4.9%
GSK Global Equity Index	(12.6%)	6.1%
GSK Retirement Income Multi-Asset	(7.5%)	1.1%

Please remember that past performance is not a guide to future returns.

For more information on how your funds are invested, please check your latest pension statement:

<https://epa.towerswatson.com/accounts/gsk/>

### Fund changes

In March 2023, we wrote to DC members to about changes to the Lifecycle strategies (including the default strategy) that members can invest in, a name change of one of the Lifecycle strategies and an additional fund that members can decide to invest in. If you did not receive this letter, please contact the administrator using the contact details on page 10.



### Chair's DC statement

We published this year's Chair's statement which includes the steps we take to ensure good governance of the Plan. It is included in the full report and accounts, which can be found on the Trustee website in the same location as this Summary Trustee Report:

1. Go to [www.gskpensions.co.uk](http://www.gskpensions.co.uk)
2. Click on 'Governance'
3. Select your pension plan to read the relevant information under 'Key Documents'
4. You can print or save the report if you want to

## Do you know where your pension is invested?

Did you know your pension money is invested in global companies whose products and decisions will shape our future?

The Trustees are excited to introduce Tumelo to pension plan members.



Hello and welcome  
to Tumelo!

Tumelo enables you to see which companies your pension contributions are invested in and allows you to cast votes on issues that matter to you. The Investment Managers use your votes (along with those from other pension scheme members) to decide how to engage with companies on these issues.

Although companies are not bound by the outcome of voting activity on the Tumelo platform, it can help start important conversations.

You can find out more

by watching this video:

<https://vimeo.com/718228998>

To register – please visit:

<https://gsk.platform.tumelo.com/>





## Trustees and advisers

### Who looks after the Plan?

The Plan is set up under trust deeds and is managed by the Trustees (who are Directors of the Corporate Trustee, SmithKline Beecham Senior Executive Pension Plan Trustee Limited).

### The Trustees at 31 December 2022 were:

#### Independent Trustee Directors:

- The Law Debenture (JIC) Pension Trust Corporation plc, represented by Keith Scott

#### GSK appointed Trustee Directors:

- Moira Beckwith
- Keith Bradford
- Tom Houston (Chair)

#### Member Nominated Trustee Directors:

- Steve Cowden (pensioner)
- John Elliot (pensioner)

#### Secretary to the Trustee:

- Carolina Lyons - Pensions Director

### Changes

There were no changes to the Trustees during the year to 31 December 2022, but Moira Beckwith and Keith Bradford have resigned since the year-end.

The Trustees would like to thank Moira and Keith for their services to the Plan over many years.





## Proposed changes

A process started on 1 June 2023 which means that the three pension trustee boards overseeing the GSK UK pension plans will in steps combine into one. This is viewed as an extension to the current governance arrangements which consist of a number of joint scheme committees overseeing various activities. It is proposed that GSK Pension Plans Trustee Limited will be the entity responsible for governing all the GSK UK pension plans – it is already the corporate trustee for some of GSK's other UK plans. The united board will oversee the following plans:

### The united board will oversee the following plans:

- SmithKline Beecham Pension Plan
- SmithKline Beecham Senior Executive Pension Plan
- GSK Pension Scheme
- GSK Pension Fund
- Glaxo Wellcome Contracted-out Money Purchase Scheme

### The new united board will consist of:

- Three Member Nominated Trustee Directors
- Three Company Appointed Trustee Directors, and
- Three Independent Professional Trustee Directors

There will be representation from the Plan's Trustees on the new united board. This includes Tom Houston (the Plan's Chair) being a united board member in addition to the above nine Trustee Directors for a one-year period up to 31 May 2024, to assist with the transition.

Eligible members from across all of GSK's UK pension arrangements have been invited to apply for Member Nominated Trustee positions on the new combined board. The united board will offer greater efficiencies than the current separate boards, to everyone's benefit. As expected, the new arrangements have been carefully discussed and agreed by the three current boards. The new governance arrangements have no impact on the benefits that members are entitled to.

Further details will be provided to members in next year's report.



## Advisers

### The Plan's advisers are:

#### Actuary:

- Jonathan Gainsford, Aon  
(replaced by Greg Tucker, Aon, on 13 March 2023)

#### Auditor:

- Grant Thornton

#### Legal adviser:

- Simmons & Simmons

#### Investment and asset allocation advisers:

- Cardano Risk Management Ltd - DB section
- Mercer Limited - DC section

#### Administrator:

- WTW



## Where can you get more information?

### Pension helpline:

#### Email

[GSKpensions@willistowerswatson.com](mailto:GSKpensions@willistowerswatson.com)

#### Phone

01737 227 563

#### Address

WTW  
PO Box 545,  
Redhill, Surrey, RH1 1YX

### Total Reward for employees:

#### Online

[HR Hub via Service Now](#)

[www.totalrewardonline.co.uk/](http://www.totalrewardonline.co.uk/)

## Copies of the report

You can print or save this report if you want to. If you would like to receive a paper copy, you can contact your Pension helpline to request one.