

## THE GSK PENSION PLANS – ‘THE PLANS’ – INTEGRATION OF SUSTAINABLE INVESTMENTS INTO THE PLANS

There are a number of important changes due to occur in the Plans in July 2021. As well as the changes to the default strategy, the Plans are introducing an allocation to sustainable equities within the GSK Global Equity Fund (a component of the default lifestyle as it forms part of the GSK Lifecycle Fund) and the creation of a standalone GSK Global Sustainable Equity Fund as a self-select fund option. This document provides more information about the changes.

- **GSK Global Equity Fund** – Half of the current passive equity allocation will be replaced with the Legal and General Investment Management (‘LGIM’) Future World series, which incorporates environmental, social and governance factors.
- The GSK Global Equity Fund makes up 65% of the GSK Lifecycle Fund, which is a key component of the Plans’ default strategy. The new structure of the GSK Global Equity Fund and GSK Lifecycle Fund is shown in the table below – the new funds are highlighted in green and the fund above each new Future World fund used to be twice the allocation now shown.

Underlying Fund	GSK Global Equity Fund	GSK Lifecycle Fund
LGIM World Developed (ex UK) Equity Index Fund – GBP Hedged	22.0%	14.3%
LGIM Future World Developed (ex UK) Equity Index Fund – GBP Hedged	22.0%	14.3%
LGIM World Developed (ex UK) Equity Index Fund	17.5%	11.4%
LGIM Future World Developed (ex UK) Equity Index Fund	17.5%	11.4%
LGIM World Emerging Markets Equity Index Fund	5.0%	3.3%
LGIM Future World Emerging Markets Equity Index Fund	5.0%	3.3%
LGIM UK Equity Index Fund	3.0%	1.9%
LGIM Future World UK Equity Index Fund	3.0%	1.9%
LGIM Global Dev Small Cap Index Fund	5.0%	3.2%
GSK Diversified Growth Fund	N/A	35.0%

- **GSK Global Sustainable Equity Fund.** This fund will be available for selection from July 2021 as part of the self-select investment strategy. The structure of the fund is shown below.

Underlying Fund	GSK Global Sustainable Equity Fund
LGIM Future World Developed (ex UK) Equity Index Fund – GBP Hedged	46%
LGIM Future World Developed (ex UK) Equity Index Fund	37%
LGIM Future World Emerging Markets Equity Index Fund	11%
LGIM Future World UK Equity Index Fund	6%

## What are sustainable investment factors?

Sustainable investment funds choose companies who they consider perform well in the following three areas:

- Environmental – e.g. climate change, energy efficiency and reduction of emissions, conservation, waste and pollution, water and resource scarcity.
- Social – e.g. health and safety, stakeholder concerns, demographics, modern day slavery, controversial weapons, relationships with employees, suppliers, customers and the local community.
- (Corporate) Governance – e.g. Board structure, leadership, executive pay and remuneration, audit quality, and shareholder rights and voting.

## What are the Legal and General's Future World funds?

The Future World funds focus on sustainable investing, including Environmental, Social and Governance factors (“ESG”) when selecting which companies to invest in. The funds favours companies which exhibit characteristics that have historically led to higher returns or lower risk than the market as a whole, and companies which are less carbon-intensive in particular.

Companies will be assessed by Legal and General for robustness of their strategies, governance and transparency via LGIM's Climate Impact Pledge. Companies that fail to meet LGIM's minimum standards in low carbon transition and corporate governance standards may achieve a lower weighting compared to the index or may be excluded from the funds entirely. The funds will also exclude shares issued by manufacturers of controversial weapons.

Further information regarding the future world approach and philosophy can be found on LGIM's website – <http://update.lgim.com/futureworldfund>

For more information on the underlying funds including factsheets, go to the LGIM fundcentre at the following links:

- Future World UK Equity – <https://fundcentres.lgim.com/uk/en/fund-centre/PMC/Future-World-UK-Equity-Index-Fund/>
- Future World Emerging Market Equity – <https://fundcentres.lgim.com/uk/en/fund-centre/PMC/Future-World-Emerging-Markets-Equity-Index-Fund/>
- Future World Developed (ex UK) Equity (Hedged and Unhedged) – <https://fundcentres.lgim.com/uk/en/fund-centre/PMC/Future-World-Developed-ex-UK-Equity-Index-Fund/>