

SmithKline Beecham Senior Executive Pension Plan

Summary Pension Trustee Report
for the year ending 31 December 2021



Welcome to your Report

Welcome to the Summary Trustee Report for 2021 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 2021.

Investment update

Investment fund performance in 2021 (and over the last three years) has been strong as illustrated on page 4.

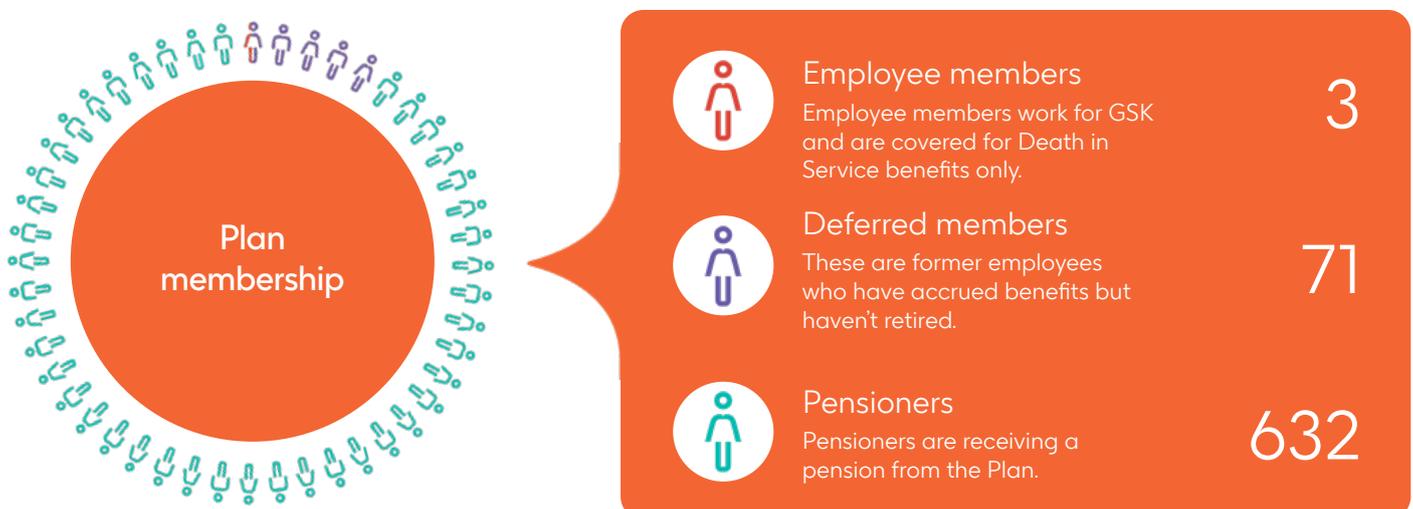
As we've moved into 2022, investment conditions have become more challenging due to many events such as the Russia / Ukraine conflict and supply chain issues, which have both contributed to rising inflation.

The Trustees continue to monitor such developments although fund investments are diversified (for example, less than 0.4% in Russia) and invested for the long term. It's therefore not unusual to see ups and downs over a short period when there is volatility in the investment market.



Membership

The charts below show the membership of the Plan as at 31 December 2021.



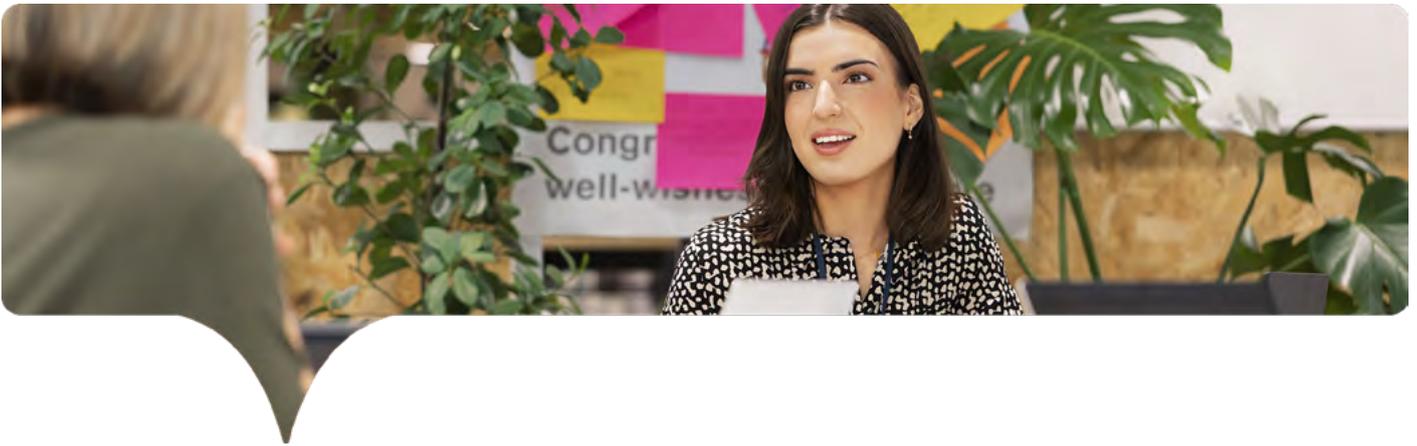
Financial highlights

The table below summarises the financial information for the year to 31 December 2021.

	£m
Value as at 31 December 2020	710
Income - GSK contributions*	1
Investment returns	(31)
Expenditure**	(34)
Value as at 31 December 2021	646

* GSK contributions include member contributions paid via Salary Sacrifice.

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



How the DB assets are invested

At 31 December 2021 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 "full scheme 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 includes Bonds, Cash, Insurance Policies and Liability Hedging.

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 to have a funding surplus of £6M.

Following the bulk annuity contract with Aviva on 9 May 2019, which secured the majority of future benefits of all the Plan's members (a "full scheme buy-in"), the Plan has retained a small surplus which is 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 2021 the Plan was estimated to have a surplus of assets of £5M (£6M as at 31 December 2020).

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.



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, at the last formal valuation the actuary estimated that the Plan had sufficient assets, as at 31 December 2020, to secure around 100% of members' benefits.

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 2021

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

Funds	Over the last year	Over the last 3 years (Annualised)
GSK Cash	0%	0%
GSK Global Equity Index	21%	19%
GSK Pre-Retirement Inflation-Linked	0%	7%

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 at:

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

Employee members can also access the member website via Total Reward online.

Unless a member chooses to invest their savings in self-select funds, their money will be invested in the default fund.

Fund changes

The following changes were made in the year:

- The default investment fund was changed from a Lifecycle fund targeting Annuity to targeting Drawdown
- Within the default, 50% of the equity funds were changed to those focused more on sustainable investing
- A sustainable equity fund was added as a self-select option

You can find out more about these changes here: <https://www.gskpensions.co.uk/changes-to-the-default-investment-strategy/>

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's 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
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

Trustees and advisers

Who looks after the Plan?

The SmithKline Beecham Senior Executive Pension Plan is set up under a trust and is managed by the Trustees

Trustee Directors

The current Trustee Directors are:

Independent Trustees

(who have never worked for GSK):

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

GSK Appointed Trustees:

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

Member Nominated Trustees:

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



Secretary to the Trustee:

- Carolina Lyons - Pensions Director

The current Directors of the Common Investment Fund are:

- The Law Debenture Pension Trust Corporation plc - represented by Mark Ashworth (Chair)
- Tom Houston
- Allen Powley
- The Law Debenture (JIC) Pension Trust Corporation - represented by Keith Scott
- John Watson
- Allan Whalley
- Timothy Woodthorpe

Advisers

The Plan's advisers are:

Actuary:

- Jonathan Gainsford, Aon

Auditor:

- Grant Thornton

Legal adviser:

- Simmons & Simmons

Investment and asset allocation advisers:

- Cardano Risk Management - DB Section
- Mercer - For the AVCs

Administrator:

- Willis Towers Watson



Where can you get more information?

Pension Helpline:

Email

GSKpensions@willistowerswatson.com

Phone

01737 227 563

ePensions

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

Address

GSK Pensions Team
Willis Towers Watson
PO Box 545,
Redhill, Surrey, RH1 1YX

Total Reward for employees:

[HR Hub via Service Now](#)

www.totalrewardonline.co.uk/

Jargon buster

Annuity – a regular guaranteed pension income in retirement.

Drawdown – a flexible pot which you decide how much income to take in retirement, with a portion of your pot remaining invested in higher growth assets.

Sustainable investing – investing in companies which are expected to perform well, given that they incorporate important factors into their business models, such as their impact on the environment and the local community.

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.