



GSK Pension Fund

Trustee's Annual Report and Financial Statements For the year ended 31 December 2023

Plan Registration Number: 10149629



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YEAR ENDED 31 DECEMBER 2023

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GSK PENSION FUND

TRUSTEE'S AND ADVISERS

YEAR ENDED 31 DECEMBER 2023

Principal employer	GlaxoSmithKline Services Unlimited
Participating employers	ViiV Healthcare UK Limited
Trustee company	Berkeley Square Pension Trustee Company Limited (BSPTCL) BSPTCL changed its name to GSK Pension Plans Trustee Limited with effect from 14 June 2023
Trustee directors	<p>Chairman and Independent Director</p> <p>The Law Debenture Pension Trust Corporation p.l.c. - represented by Mark Ashworth</p> <p>Independent Directors</p> <p>Allan Whalley (resigned 13 February 2023) Ross Trustees Services Limited - represented by Pavan Bhardwaj (appointed 13 February 2023) Law Debenture (JIC) Pension Trust Corporation represented by Keith Scott (appointed 1 June 2023)</p> <p>Company Appointed Directors</p> <p>David Brown (resigned 31 July 2023) Paul Blackburn Amanda Cooke (resigned 31 December 2023) Thomas Houston (appointed 1 June 2023) David Wiggins (appointed 1 August 2023) Louisa Yates (appointed 1 January 2024)</p> <p>Member Nominated Directors</p> <p>John Watson (resigned 19 March 2023) David Wintle (resigned 31 July 2023) Lan Wei (resigned 31 July 2023) Geraldine Flavell (appointed 1 August 2023) Josephine Osikena (appointed 1 August 2023) Robert Pullinger (appointed 1 August 2023)</p>
Secretary	Carolina Lyons
Scheme administrator	Towers Watson Limited (trading as WTW)
Accounting and Trustee support	Towers Watson Limited (trading as WTW)
Actuary	Tim Panter FIA Partner in the firm of WTW

GSK PENSION FUND

TRUSTEE'S AND ADVISERS *(continued)*

YEAR ENDED 31 DECEMBER 2023

Independent auditors	Grant Thornton UK LLP
Legal advisers	Sacker & Partners LLP
Bulk annuity monitoring	Lane Clark & Peacock LLP
Investment adviser	Defined Benefit Cardano Risk Management Limited (resigned 15 September 2023) Isio Group Limited (appointed 1 July 2023) Defined Contribution Mercer Limited
Liability hedging manager	Legal and General Assurance (Pensions Management) Limited
Investment managers	Legal and General Assurance (Pensions Management) Limited PIMCO Europe Limited ("PIMCO")
Custodian	The Bank of New York Mellon (International) Limited
Covenant adviser	Penfida Limited
Bulk annuity provider	The Prudential Assurance Company Limited
Bankers	HSBC plc
Performance measurement	The Bank of New York Mellon (International) Limited

GSK PENSION FUND

TRUSTEE'S REPORT

YEAR ENDED 31 DECEMBER 2023

Background to GSK's UK Schemes

The GSK Pension Fund is one of the UK Tax Registered pension schemes that is in place for employees of GlaxoSmithKline plc ("GSK") and associated companies. These schemes were initially created by the various employers who later combined to create GSK via a series of mergers. These schemes are as follows:

Scheme name	Benefit structures
GSK Pension Scheme (GSKPS) known as the Glaxo Group Pension Scheme until 31 October 1996 and then Glaxo Wellcome Pension Scheme until 31 December 2001.	<p>GWPP* - admitted new members until 31 December 2001. It provides both defined benefit and defined contribution benefits:</p> <p>a) Defined benefit section - benefits for employees who were already active members of the scheme on 31 October 1996 and new members aged over 40 between 1 November 1996 and 31 December 2001. Also, for members switching from the defined contribution section at 1 January 2002. This was closed to future accrual on 31 March 2022.</p> <p>b) Defined contribution section - benefits for employees who became active members between 1 November 1996 and 31 December 2001. Existing members of the defined benefit section at 31 October 1996 could also switch to defined contribution benefits.</p> <p>GSK Pension Plan (GSKPP) - Defined contribution benefits for employees who started employment with GSK on or after 1 January 2002 and employees who were members of other GSK schemes at that date and chose to join GSKPP.</p> <p>In addition, new employees of new participating employers can join the GSKPP.</p> <p>Members of the GWPP and SBPP who were employed at 31 March 2022 joined following closure to accrual of those schemes.</p>
GSK Pension Fund (GSKPF) known as the Wellcome Group Pension Fund until 31 October 1996 and then as Glaxo Wellcome Pension Fund until 31 December 2001.	<p>GWPP* - admitted new members until 1 November 1996. It provides both defined benefit and defined contribution benefits:</p> <p>a) Defined benefit section - benefits for employees who were already active members of the scheme on 31 October 1996. Also for members switching from the defined contribution section at 1 January 2002. This was closed to future accrual on 31 March 2022.</p> <p>b) Defined contribution section - for existing members of the defined benefit section at 31 October 1996 who could switch to defined contribution benefits.</p>
SmithKline Beecham Pension Plan (SBPP)	<p>a) Defined benefit section - closed to new entrants from April 1997. This was closed to future accrual on 31 March 2022.</p> <p>b) Defined contribution section - benefits for employees who became active members between 1 April 1997 and 31 August 2001. The Trustee closed this section to further contributions in July 2009 and the active members were transferred to the GSK Pension Scheme (GSKPP section) for future service.</p>

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Background to GSK's UK Schemes *(continued)*

Scheme name	Benefit structures
SmithKline Beecham Senior Executive Pension Plan (SBSEPP)	a) Defined benefit section - closed to new entrants with effect from 31 December 2001. b) Defined contribution section - for existing members of the defined benefit section who paid AVCs or transferred benefits in on a defined contribution basis.
Glaxo Wellcome Contracted-Out Money Purchase Scheme (GWCOMPS)	a) Defined contribution section - the scheme was established on 1 July 1988 and closed to new investment on 31 December 2001.

* GWPP refers to the Glaxo Wellcome Pension Plan which is a set of pension benefits that was offered to both GSK Pension Scheme and GSK Pension Fund members from November 1996.

Introduction

The Trustee is pleased to present its Annual Report and Financial Statements for the year ended 31 December 2023 for the GSK Pension Fund ("the Fund"). The Fund was established to provide retirement benefits to certain groups of employees within the GSK plc group.

The Fund has a Defined Benefit section ("DB") which ceased to accrue benefits after 31 March 2022. In addition, it has a Defined Contribution section ("DC") which is closed to new members but is open to contributions for existing members.

Fund constitution and management

Trustee

The Trustee during the year and at the date of this report was Berkeley Square Pension Trustee Company Limited (BSPTCL) ("the Trustee"). BSPTCL changed its name to GSK Pension Plans Trustee Limited with effect from 14 June 2023.

The provisions for appointing and removing Trustee Directors from office are set out in the Articles of Association of the Trustee.

The Trustee also acts as Trustee of the GSK Pension Scheme, the Glaxo Wellcome Contracted-Out Money Purchase Scheme, the SmithKline Beecham Pension Plan and the SmithKline Beecham Senior Executive Pension Plan.

The Trustee Directors are comprised of:

- 3 Independent Directors
- 4 Company Appointed Directors
- 3 Member Nominated Directors

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Trustee *(continued)*

The Company Appointed Trustee Directors are appointed and removed by GlaxoSmithKline Services Unlimited (“the Company”). The Member Nominated Trustee Directors are drawn from the membership. The Independent Trustee Directors are appointed by the Trustee Board.

The Trustee Board comprises of the Trustee Directors who are normally appointed for four year terms.

The Trustee Board meets four times a year and on additional occasions where business requires this. Decisions are made by majority vote. There were four (2022: four) full board meetings during 2023 and fourteen (2022: thirteen) meetings of the various committees (see pages 5 to 7).

The Trustee Board takes decisions by a majority of votes cast by the individual Trustee Directors, subject to detailed quorum and special business requirements.

Governance And Risk Management

Committee Structure

The Trustee has established a series of Committees to discuss specific areas of business. These Committees and their roles are set out below. Each is governed in accordance with Terms of Reference which are reviewed annually by the full Trustee Board. Each operates in accordance with a business plan to ensure that appropriate consideration is given to the business of the Fund.

The Committees that are in place are as follows:

Committee	Role	Members (representing this Scheme)
Joint Audit, Risk and Operations Committee	To oversee the relationship with the external auditors. To review and approve the Financial Statements on behalf of the Trustee. To monitor the risk management and control activity that is undertaken on behalf of the Trustee. To monitor the annuity policies. To act on behalf of all of the GSK UK Schemes.	David Wiggins (Chair) Amanda Cooke (resigned 31 December 2023) Robert Pullinger (appointed 1 August 2023) Louisa Yates (appointed 1 August 2023) Paul Blackburn (appointed 1 January 2024) David Brown (resigned 31 July 2023) David Wintle (resigned 31 July 2023) Keith Bradford (resigned 31 May 2023) John Elliot (resigned 31 July 2023)

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Committee Structure *(continued)*

Committee	Role	Members (representing this Scheme)
Joint Defined Contribution Committee	<p>To monitor the provision of defined contribution benefits.</p> <p>To take investment decisions in respect of Defined Contributions investments which have been formally delegated to it by the Trustee.</p> <p>To review communications.</p> <p>To act on behalf of all of the GSK UK Schemes.</p>	<p>Ross Trustees Services Limited - represented by Pavan Bhardwaj (Chair) (appointed 13 February 2023)</p> <p>Geraldine Flavell (appointed 1 August 2023)</p> <p>Josephine Osikena (appointed 1 August 2023)</p> <p>Sam Piper (appointed 1 August 2023)</p> <p>Lan Wei (resigned 31 July 2023)</p> <p>Amanda Cooke (resigned 31 July 2023)</p> <p>John Watson (resigned 19 March 2023)</p> <p>Allan Whalley (resigned 13 February 2023)</p> <p>Moira Beckwith (resigned 31 May 2023)</p>
Joint Investment Committee	<p>To take investment decisions in respect of Defined Benefit investments which have been formally delegated to it by the Trustee.</p> <p>To act on behalf of all of the GSK UK Schemes.</p>	<p>The Law Debenture Pension Trust Corporation p.l.c. represented by Mark Ashworth (Chair)</p> <p>Law Debenture (JIC) Pension Trust Corporation - represented by Keith Scott</p> <p>Paul Blackburn</p> <p>Ross Trustees Services Limited - represented by Pavan Bhardwaj (appointed 13 February 2023)</p> <p>Thomas Houston</p> <p>Timothy Woodthorpe</p> <p>Allen Powley (resigned 31 March 2024)</p> <p>Allan Whalley (resigned 13 February 2023)</p>

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Committee Structure *(continued)*

Committee	Role	Members (representing this Scheme)
Joint Special Situations Committee	To consider any corporate activities which impact the Scheme.	The Law Debenture Pension Trust Corporation p.l.c. - represented by Mark Ashworth (Chair) Ross Trustees Services Limited - represented by Pavan Bhardwaj (appointed 13 February 2023) Law Debenture (JIC) Pension Trust Corporation represented by Keith Scott Thomas Houston John Watson (resigned 19 March 2023) Allan Whalley (resigned 13 February 2023) Keith Bradford (resigned 31 May 2023)

Risk management

The Trustee operates a formal risk management framework which is defined under a UK Pension Risk Management Policy. A risk register is maintained and reviewed on a regular basis. The main controls in place over key risks are documented, monitored and reported upon. Advisers are monitored in accordance with service level agreements and reports are made to the Trustee as to their performance. Each adviser is reviewed on a regular basis.

Changes to the Fund rules during the year

A Deed of Amendment was executed on 3 September 2023 to amend the GSK Pension Fund Rules to amend the provisions regarding the composition of the Trustee Board. The amendments allow for future potential changes to the size and composition of the Trustee Board without further deeds of amendment being required.

Closure of DB section of the Fund for future accrual

The DB section of the Fund was closed to future accrual with effect from 31 March 2022.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

GSK Pension Fund Additional Funding

On 18 July 2022, GSK plc completed the demerger of its Consumer Healthcare business from the GSK Group to form Haleon plc. At the time of demerger three Scottish Limited Partnerships (SLPs) held shares representing 7.5% of the total issued share capital of Haleon, set up to provide collateral for additional funding for GSK's UK defined benefit pension schemes. Each of the three principal UK defined benefit pension schemes (two benefiting the current and former Glaxo Wellcome employees, with the third benefiting current and former SmithKline Beecham employees) had an interest in one of the SLPs at the time of demerger. The GSK Pension Fund, through its SLP interest, was entitled to a distribution from that SLP with regards to the net proceeds of sales of Haleon shares, and dividend income on the Haleon shares, up to an amount equal to the agreed threshold ("Proceeds Threshold") of £323m increased by £1.8m notional interest. Payment of this amount would fully fund the cash funding or "technical provisions" deficit in the pension fund shown by the 31 December 2020 valuation.

During 2023, the Group made additional funding contributions to the fund of £77.7m (2022: £203.1m; 2021: £44m). As a result of these additional funding contributions, the cash funding or technical provisional deficit of £323m identified in the 31 December 2020 pensions scheme valuations in the GSK Pension Fund was fully paid by June 2023.

The GSK Pension Fund exited the SLP partnership in June 2023 after receipt of the Proceeds Threshold and notional interest. The remaining economic interest in the SLP is held by GSK LP Ltd, a 100% owned subsidiary of GSK plc and the GSK-controlled General Partner.

Collateral Management

The Fund adopts a Liability Driven Investments ("LDI") strategy. Swaps and leveraged gilts are utilised alongside physical holdings to achieve the target level of interest rate and inflation hedging.

In 2022, long-dated gilt yields rose gradually all year due to expectations of higher inflation and base interest rates, and rose dramatically during the month of September and October. This led to markedly higher collateral requirements in order to continue to maintain the target hedge levels.

As a result of these events, there has been extensive interaction with the investment consultant and hedging manager to ensure the governance and monitoring frameworks remain robust going forward, including compliance with new regulations.

The Fund is required to maintain higher levels of collateral buffers within its LDI portfolio held with LGIM. Given this requirement, in 2022 the target asset allocation had been altered to allow for a greater investment in collateral eligible assets. As well as the change in asset allocation, in 2023 the equities within the GSK CIF were carved out and held within the individual Fund. This allows more nuanced management of the individual collateral levels for rebalancing on a scheme-by-scheme basis.

In early 2023 the Fund introduced synthetic equities using Equity Futures and Equity Total Return Swaps into its portfolio as this allowed the Fund to maintain its target notional exposure with reduced capital and collateral requirements. The ability to further synthetise equities is maintained as an option to the Fund if there are future requirements to raise collateral but maintain the desired notional exposure.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Collateral Management *(continued)*

The JIC developed a new refined collateral waterfall to improve resilience of the Fund. The collateral waterfall is a step by step process, laying out the asset class and the ownership of decision in a situation where the Fund would be required to increase its collateral level in the LDI portfolio. The range of assets in the waterfall was also expanded to include the sale and repurchase agreements (repos) using corporate bonds and Network Rail bonds for collateral administration purposes.

Financial developments and financial statements

The Financial Statements included in this Annual Report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

Administration of the Fund

The Trustee has delegated the day to day administration of the Fund to WTW.

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Trustee's responsibilities in respect of the financial statements *(continued)*

The Trustee is also responsible for the maintenance and integrity of the GSK Pensions (gskpensions.co.uk) website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Fund by or on behalf of employers and the active members of the Fund and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Fund in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Membership and benefits

The changes in membership during the year are as follows:

Defined benefit section

	Active members	Deferred members	Pensioners	Total
At 1 January 2023	–	1,575	5,739	7,314
Adjustments to prior period *	–	(4)	(6)	(10)
New beneficiaries **	–	–	54	54
Members retiring	–	(124)	124	–
Deaths	–	(3)	(202)	(205)
Cessation of dependent pensions	–	–	(5)	(5)
Transfers out	–	(8)	–	(8)
Trivial commutations	–	(1)	(2)	(3)
At 31 December 2023	–	1,435	5,702	7,137

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Membership and benefits *(continued)*

Defined contribution section

	Active members	Deferred members	Pensioners	Total
At 1 January 2023	10	286	–	296
Adjustments to prior period *	–	2	–	2
Members retiring	–	(9)	–	(9)
Transfers out	–	(9)	–	(9)
At 31 December 2023	<u>10</u>	<u>270</u>	<u>–</u>	<u>280</u>
Total membership	<u>10</u>	<u>1,705</u>	<u>5,702</u>	<u>7,417</u>

* The adjustments have occurred where the change in member status has been updated after the previous year end statistics have been run.

** The new pensioners figure of 54 in the defined benefit section includes 9 defined contribution members who opted for an internal annuity as defined in note 15 of the financial statements.

The Prudential policy covers a population of DB pension members identified by the Trustees that were involved in a buy-in whereby the ongoing liability of the pensions in payment are secured via an insurance company, Prudential, in this case. The Trustees remain responsible for paying the pensions to the members, but they are reimbursed by Prudential. There are 928 (2022: 970) members in the Prudential policy.

There are 6 deferred DB section members who no longer accrue service but are covered for life assurance only as at 31 December 2023 (2022: 10).

There are 906 spouses and 14 dependants included in the 5,702 pensioners as at 31 December 2023 (2022: 939 spouses and 20 dependants).

For members who have accrued benefits in both the DC and DB sections, their membership record is shown in the table above in the section in which they last accrued service, to avoid the double counting of members in these statistics.

Pension increases

The increase to deferred pensions and pensions in payment applied in January 2023 was 12.0% (2022: 4.9%). The increase was measured by the increase in RPI from September 2021 to September 2022 and was applied to all deferred pensions, pensions and allowances in payment and to any contingent spouse's pensions relating to them.

Members who retired from active service during 2022, and members who became deferred during 2022 and then retired during 2022, received a proportionate increase in January 2023. Members who became deferred members in 2022 received a proportionate increase in January 2023. No discretionary increases were awarded in the year.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Principal and participating employer

The principal employer is GlaxoSmithKline Services Unlimited. The participating employers are ViiV Healthcare UK Limited.

Transfers

All transfer values paid are calculated using methods and assumptions approved by the Actuary and in accordance with the rules of the Fund. These represent the full cash equivalent of members' leaving service rights. Cash equivalents paid during the Fund year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include any discretionary benefits.

GMP Equalisation

Further details can be found in note 32.

Actuarial liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102), the Financial Statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to members on request.

The most recently agreed triennial actuarial valuation was carried out as at 31 December 2020.

Valuation date	31 December 2020	31 December 2017
	£m	£m
Value of technical provisions	3,559	3,349
Value of assets available to meet technical provisions	3,242	3,181
(Deficit)	(317)	(168)
Assets as a percentage of technical provisions	91%	95%

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Actuarial liabilities *(continued)*

Although there are no current plans to discontinue the Fund and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as “solvency liabilities”) and equivalent information on this basis is provided below.

Valuation date	31 December 2020	31 December 2017
	£m	£m
Value of solvency liabilities	4,141	4,190
Value of assets available to meet solvency liabilities	3,242	3,140
(Deficit)	(899)	(1,050)
Assets as a percentage of solvency liabilities	78%	75%

Note: Assets available to meet solvency liabilities allow for the termination value of the insurance policy. Therefore, this is lower than the value of assets available to meet technical provisions.

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Fund in the future, such as the level of investment return, pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows.

Method

The actuarial method to be used in the calculation of the actuarial liabilities is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: 1.36% p.a. above the fixed interest gilt yield curve under the initial investment strategy and 0.33% p.a. above the fixed interest gilt yield curve under the ultimate investment strategy. It is assumed that the investment strategy will be gradually derisked over a stepped five year transition period starting from 1 January 2029. The assumed investment return (margin above forward gilt yields) during each year of the transition period is calculated by linearly interpolating between the assumed return on the initial investment strategy and the assumed return on the ultimate investment strategy.

Future Retail Price Inflation (“RPI”): future price inflation measured relative to RPI has been set by reference to the break-even inflation curve implied by the fixed interest and index linked gilt curves.

Pension increases: Reflect the assumed level of price inflation and the relevant caps and floors according to the provisions in the Rules plus 0.03% p.a.

Pay increases: Members with Pensionable Salary of £30,000 or more are assumed to increase at a maximum of 2% p.a.

Mortality: Base table for members 93% (males) or 88% (females) of the S3 normal/heavy mortality (males/females) pensioner tables with an allowance for improvements in mortality in line with CMI 2019 improvement factors, with long term improvement trends of 1.75% p.a., an initial addition of 0.5% and a smoothing parameter of 7.0.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Significant actuarial assumptions *(continued)*

Future improvements from 31 December 2020: Based on the CMI 2020 improvement factors, with long-term improvement trends of 1.75% p.a., an initial addition of 0.5% and a smoothing parameter of 7.0 and with no weighting placed on 2020 experience.

GMP equalisation:

An allowance equal to 0.2% of the total pre-equalisation liabilities of the Fund has been provided for as a reserve for the potential impact of the need to recalculate pension benefits for the unequal gender effects of the basis on which GMPs have always been calculated, within the value of the actuarial liabilities. The 0.2% allowance amounted to £7m as at 31 December 2020.

Recovery plan

A recovery plan was agreed between the Trustee and the Employer which, based on the valuation assumptions and market conditions at 31 December 2020, is expected to remove the deficit by no later than 20 January 2027.

These arrangements were formalised in a Schedule of Contributions which the Fund actuary certified on 25 March 2022. A copy of this certificate is included on page 27 of this Annual Report.

During the year under review the balance of the deficit repair contributions of £75.9m were accelerated and paid early as agreed with the employer.

Next full triennial valuation

The next triennial valuation is currently being performed as at 31 December 2023.

Most recent Annual update - 31 December 2022

A full triennial actuarial valuation of the Fund is due as at 31 December 2023 and consequently there is no requirement for the Scheme Actuary to prepare an Annual Report for the Trustee covering developments in the Technical Provisions since the previous actuarial valuation was prepared. The actuarial valuation at 31 December 2023 has not yet been completed, therefore set out below are the results of the most recent actuarial Annual Report as at 31 December 2022.

The estimated deficit as at 31 December 2022 was £217m between the accumulated assets of the Fund and the estimated Technical Provisions. This represented a funding level of 91%. After allowing for future recovery plan payments and proceeds from the SLPs, there was an estimated deficit of £139m, representing a funding level of 94%.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Investment management

Investment managers

All investment managers appointed by, or on behalf of the Trustee, to manage the Fund investments under section 34(3) of the Pensions Act 1995 are appropriately authorised or exempt under the Financial Services and Markets Act 2000, and any other fund managers have the appropriate knowledge and experience to manage the particular investments delegated to them.

The Fund provides benefits on both a defined benefit and a defined contribution basis.

For the defined benefit section, the Fund holds some of its assets through the GSK Common Investment Fund (the "GSK CIF") and some in its own name directly. This is done for legal and operational reasons.

The Annual Report and Financial Statements of the GSK CIF are included as Appendix 1 to this document and should be read in conjunction with this report.

Defined contribution assets are also held by the Fund.

Investment policies

Governance Process

During the accounting year, the Trustee was responsible for setting the following:

- The strategic benchmark for defined benefit investments.
- The default and member selected options for defined contribution benefits.

The defined benefit investments are managed by a Joint Investment Committee (the "JIC") which takes all operational and day to day decisions on behalf of the Trustee in accordance with its Statement of Investment Principles (SIP). At least two representatives of the Trustee will be members of the JIC and decisions regarding the Fund cannot be taken without at least one representative of the Trustee present.

The JIC has delegated management of the Fund's investments to professional investment managers.

The investment policies for defined contribution assets are developed by the Joint DC Committee which works in conjunction with the professional advisers.

Statement of Investment Principles ("SIP")

As required under Section 35 of the Pensions Act 1995, the Trustee has approved a SIP. This sets out the following in respect of assets held:

- Governance arrangements.
 - Objectives and implementation of the defined benefit and defined contribution sections.
 - The Trustee's investment policies.
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GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Statement of Investment Principles (“SIP”) *(continued)*

All investments made during the year were in accordance with the SIP. Where new managers are appointed or changes are made to the investment strategy, the process that is followed is that the change is implemented and the SIP is updated as soon as practicable afterwards.

The SIP is reviewed annually. The DB Section of SIP was updated during the year to reflect the equity portfolio being carved out from the GSK CIF and held within the Fund. The DC SIP was updated to reflect changes to the investment strategy and fund name changes; full details of these changes are set out in the Chair's Statement on DC Governance.

The SIP is available on the GSK pensions website (www.gskpensions.co.uk) or from the Secretary to the Trustee, whose contact details are shown on page 26.

Investment Objectives

The main objective of the Trustee is to ensure that there are adequate assets to pay the benefits as they become due. When setting investment policies, the Trustee takes a prudent view and aims to achieve a level of risk and return that is consistent with this obligation.

For Defined Contribution, the main objective of the Trustee is to provide adequate means for members to accumulate and access a money purchase retirement benefit.

Defined Benefit - Strategic Benchmark

The Trustee determines its strategic asset allocation benchmark and its investment policies in relation to the defined benefit assets in consultation with its investment adviser and with the Employer. Those policies are based upon the following:

- The actuarial position of the Fund.
- The appetite for risk of the Trustee and the Employer.
- The strength of the Employer's covenant.
- The view of market conditions.

Defined Benefit - Current Strategic Asset Allocation

The strategic asset allocation is the mix between return seeking assets such as equities and property and liability matching assets such as bonds, derivatives and insurance policies. The Trustee's agreed strategic notional exposure is 36% return seeking assets and 64% liability matching assets.

At 31 December 2023 the actual asset allocation was 31.7% return seeking assets and 68.3% liability matching assets. This allocation does not allow for the 4.6% notional exposure in Equity Total Return Swaps.

Return seeking assets - the objective is to invest across a diversified range of equity funds, synthetic equities, property and multi asset funds, with a view to providing some outperformance versus a liability matched portfolio.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Defined Benefit - Current Strategic Asset Allocation *(continued)*

Liability matching assets - the objective is to provide an income and repayment cash flow which partly matches the obligations of the Fund to provide both fixed and inflation increases to benefits. The assets are chosen to provide interest rate and inflation matching over the duration of the liabilities, in line with agreed hedging targets.

Return Seeking Assets

The return seeking assets held in the GSK CIF during the year consist of the following types of assets:

Type of asset	Nature of assets
Property	A combination of directly held and pooled UK property held through unitised funds.
Multi asset funds	Investments held to diversify the equity exposure.

In January the equity pooled investment vehicles were split out from GSK CIF and held in the individual Fund's name. The return seeking assets held in the Fund during the year consist of the following types of assets:

Type of asset	Nature of assets
Equity funds	Passively managed equity pooled investment vehicles with a single manager.
Synthetic equities	Equity Futures - an Exchange-Traded Futures contract on an equity index.
	Equity Total Return Swap - pays the total return on an equity index with a specified term to maturity.

In conjunction with the Trustee and the Employer, the JIC determines:

The allocation between equity funds, synthetic equities, property and any other return seeking assets.

- The geographical distribution of the equities and other assets.
- The split between active and passive management.
- The choice of managers and their appointment, monitoring and removal.
- The impact their investment decisions have on climate change.

Defined Benefit - Current Strategic Asset Allocation *(continued)*

Liability Matching Assets

The liability matching assets held in the Fund consist of the following types of assets:

Type of asset	Nature of assets
Index linked government Bonds	These consist of UK government index linked bonds.
Corporate bonds	These include UK and Overseas corporate bonds.
Derivatives	Inflation rate swaps – the Trustee receives an income stream based on inflation in return for a series of fixed payments.
	Zero coupon swaps – the Trustee receives a variable income stream of floating interest rate payments based on prevailing interest rates in return for a fixed rate lump sum payment at maturity.
	Bond futures – these are used to hedge US interest rate exposure back to neutral and also to manage interest rate exposure during the build phase of the corporate bond mandate.
	Forward foreign exchange contracts – these are used to hedge the US\$ currency exposure within the US corporate bond mandate.
Repurchase agreements	Repurchase agreements - the Trustee sells Gilts to a third-party and simultaneously agrees to buy them back at a future date for a pre-agreed price.
	Reverse repurchase agreements - the Trustee buys Gilts from a third-party and simultaneously agrees to sell them back at a future date for a pre-agreed price.
Annuity policy	This pays a monthly income that matches the amount of pension that the Fund pays to certain named individuals on a monthly basis. This was in return for an initial premium paid at the start of the policy.

In conjunction with the Trustee and the Employer, the JIC determines:

- The amount of inflation and interest rate hedging.
- How this is to be achieved by a combination of bonds, derivatives, annuity policies and other instruments or assets.
- The choice of counterparties for derivatives, where relevant, and the setting and monitoring of risk limits for managers and counterparties.
- The choice of managers and other providers.

The JIC receives detailed reports on operational matters and provides the stewardship function in respect of all assets that are held for defined benefit liabilities including assets owned by the GSK CIF and assets owned directly by the Fund.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Fund Investment performance

The overall investment performance for the Fund for the year was an increase of 7.4% (2022: a decrease of 32.0%).

The performance of the Fund's investments for the year analysed across the various asset classes is set out below.

	Assets held in	Year ended 31 December 2023			3 years (annualised)	5 years (annualised)
		Actual	Benchmark	Variance	Actual	Actual
		%	%	%	%	%
Return seeking						
Equities and equity options	GSK CIF/Fund	19.2	19.7	(0.5)	7.1	12.6
Property	GSK CIF	2.0	9.2	(7.2)	4.0	3.3
Multi asset funds	GSK CIF	2.7	4.5	(1.8)	0.8	1.0
Liability matching						
Index linked bonds, corporate bonds, repos and derivatives	Fund	(0.8)	n/a	n/a	(31.5)	(17.8)
Annuity policy	Fund	1.2	n/a	n/a	(6.4)	(2.3)

Further details of the GSK CIF performance can be found in the Investment Report of that entity which is included as an appendix to this report.

The index linked bonds, repurchase contracts, derivatives and the annuity policy are held in order to match the movements in the underlying liabilities. Broadly, where a loss is shown on these asset classes, there will be a decrease in the underlying liabilities as calculated on an actuarial basis. Similarly, where a gain is shown, there will be an increase in the actuarial liabilities. This is because the value of these investments is driven by the same factors that cause the liabilities to change; interest rates, inflation and longevity assumptions (for the annuity policy). The Trustee measures its performance against the corresponding movements in liabilities rather than their absolute return and therefore the performance is not compared against a benchmark.

Defined Contribution Assets

The assets are held as follows:

Manager	
Legal & General Assurance (Pensions Management) Limited	Pooled funds held in life assurance policies – unitised: Current option available since March 2004.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Defined Contribution Assets *(continued)*

The performance figures for the Legal & General policies are shown below.

Legal & General Assurance (Pensions Management) Limited	1 year %	3 years (annualised) %	5 years (annualised) %
GSK UK Equity Index Fund	7.8	8.6	6.7
GSK Lifecycle Fund	13.3	6.6	9.4
GSK Overseas Equity Index Fund	18.8	7.8	12.2
GSK Cash Fund	4.7	2.0	1.4
GSK Global Equity Index Fund	18.1	7.8	11.6
GSK Targeting Annuity Fund Net	4.9	(11.7)	(3.4)
GSK Diversified Growth Fund	4.6	4.3	4.8
GSK Shariah Fund	27.3	11.0	16.7
GSK Retirement Income Multi Asset Fund	7.6	1.9	4.7

Insurance Policy

The bulk insurance policy is with The Prudential Assurance Company Limited ("PAC") and is held in the name of the Fund. The key features of the policy are as follows:

Structure

The benefit of the policy belongs to the Fund as a whole and does not change the position of individual members who will see no change in how their pensions are provided.

Valuation

The policy is valued periodically by the insurer and reviewed by the Trustee and its advisers to validate that valuation. Additional valuations can be carried out at the request of the Trustee, for example in times of financial distress.

Security

There is a collateral structure in place whereby the Fund has legal ownership of a pool of assets which it can access should PAC default on the contract or breach it in another way. The levels of collateral have been agreed with the PAC and they are obliged to maintain the collateral level where necessary.

The assets in the collateral pool are managed in accordance with a pre agreed investment policy which ensures that the credit quality, liquidity and marketability of the portfolio are kept at appropriate levels.

In the event of PAC defaulting on the contract the collateral pool passes back to the Trustee.

Management and custody

M&G is the fund manager of the collateral pool and Bank of New York Mellon is the custodian.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Insurance Policy *(continued)*

Monitoring

Regular monitoring of the policy takes place, both internally at Trustee level and with PAC via a Joint Management Committee.

Investment Operational Policies

Management of the Fund's Assets

The Trustee has delegated management of investments to professional investment managers which are listed on page 2. These managers, which are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements which are designed to ensure that the objectives and policies set out in the SIP are followed.

Custody of the Fund's Assets

The Bank of New York Mellon is the global custodian for all segregated holdings. The legal title to investments is held in the name of Mellon Nominees (UK) Limited on behalf of the Trustee.

The Trustee monitors the performance of the custodian in the following operational areas:

- Late settlements and outstanding trades.
- Late income and outstanding income balances.
- Tax reclaims.
- Voting activity.
- Foreign exchange rates used.
- Interest rates on cash balances.

Manager authorisation

All investment managers appointed by, or on behalf of the Trustee to manage the funds under section 34(3) of the Pensions Act 1995 are appropriately authorised or exempt under the Financial Services and Markets Act 2000 and any other fund managers have the appropriate knowledge and experience to manage the particular investments delegated to them.

Manager Remuneration

Manager remuneration is made up of fees based on the value under management. Fee levels are regularly reviewed.

Derivatives - Collateral and Concentration

The Trustee has policies setting out the amount of concentration that it can have with any one counterparty which is determined by the credit quality of that institution. There are also limits on the types and value of collateral that are given or received for derivatives.

Investment Operational Policies *(continued)*

Corporate Governance, including ESG and Climate Risk

Whilst the Trustee does not wish to interfere with the day to day investment decisions of its asset managers, where managers have voting rights and can be impactful the Trustee evaluates their approach and voting policies on an annual basis and the Trustee expects its asset managers to comply with the principles outlined in the UN Principles for Responsible Investing and the UK Stewardship Code. The Trustee's Investment Adviser has regular dialogue on this topic with asset managers and reports on this to the JIC no less than annually.

The Trustee supports the principle of good corporate governance and shareholder activism and, for relevant mandates, requires its asset managers to have an explicit strategy, outlining the circumstances in which they will engage with a company on (or issuer of debt, or stakeholder, if applicable) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interests, risks, social and environmental impact and corporate governance matters) and how they will measure the effectiveness of this strategy. Where an explicit policy is not available, the Trustee will require an outline of the approach taken, including examples. The Trustee reviews regularly the voting strategy of its asset managers.

On behalf of the Trustee, the JIC reviews regularly the voting strategy of its asset managers. In the event the voting and engagement strategy is deemed insufficient, the JIC will either request further engagement and updates from the Investment Adviser or engage directly with the asset manager. If this is not successful, the JIC could ultimately opt to remove the asset manager.

The Trustee welcomes the views of the members and beneficiaries, including (but not limited to) their views in relation to Sustainable Investment by contacting the Secretary (Contacts - GSK Pension (gskpensions.co.uk), which are periodically fed back to the Trustee.

The Trustee does not currently take any non-financial factors into account when setting the investment strategy.

The Trustee believes that by being a sustainable investor, they are managing investment risk with the aim of enhancing long term portfolio returns, which is in the best interests of the members and beneficiaries of the Fund.

Engagement with fund managers and alignment with Trustee policies

The Trustee believes that an understanding of, and engagement with, asset managers' arrangements is required to ensure they are aligned with the Trustee's policies, including its Sustainable Investment policy.

The Trustee, through delegation to the JIC, considers their Investment Adviser's assessment on the alignment of the asset manager with the Trustee policies, including those related to ESG and Stewardship. The Trustee will use this assessment as part of their considerations when taking decisions around selection, retention and realisation of asset managers.

Engagement with fund managers and alignment with Trustee policies *(continued)*

Asset managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. Whilst the Trustee notes that their ability to influence decision making within pooled fund structures is limited, the underlying asset managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. Asset managers are appointed on an ongoing basis which helps to incentivise them to focus on medium to long term performance.

The Investment Adviser or JIC meets the asset managers from time to time to discuss their investment performance, strategy, their performance as Sustainable Investors and to discuss any issues of concern. They provide regular updates to assist the Trustee in fulfilling their responsibility for monitoring and reporting on the asset managers' performance. Where needed the Trustee will challenge managers on their policies and instances where managers may not be aligned with best practices within the industry. This action is taken to try to ensure continuing improvement over the medium to long term in the performance of assets from both a financial and non-financial perspective.

The Trustee receives performance reports from their Investment Advisers on a quarterly basis, which present performance information for the funds over three months, one year, and since inception. The Trustee reviews the absolute performance and relative performance against a suitable index, or target, used as the benchmark, on a net of fees basis. Whilst the Trustee's focus is on long-term performance, it also takes shorter-term performance into account.

If an underlying manager is not meeting performance objectives, or their investment objectives have changed, the Trustee may review the suitability of the manager, and change managers where required.

The Trustee does not currently define target portfolio turnover ranges for asset managers. However, the Trustee will engage with an asset manager if portfolio turnover is higher than expected. The Trustee considers portfolio turnover costs indirectly through consideration of overall costs incurred throughout the year (including all manager fees and expenses), which are reviewed annually by the investment consultant.

All the investment vehicles are open-ended, with no set end date for the arrangements. An asset manager's appointment may be terminated due to a change in the overall investment strategy or changes in expectations of their ability to deliver against the agreed mandate or in line with the investment policies of the Trustee.

Review of the Marketability and Liquidity of the Investments

The Trustee believes that investments held in UK government securities, corporate bonds, and other unitised vehicles were readily realisable as at the year end. The Trustee regularly reviews and considers the Fund's liquidity and is satisfied that the Fund has sufficient liquidity for the foreseeable future.

The investment in the GSK CIF is liquid, however underlying investments in the GSK CIF include holdings in direct and indirect property which are unlikely to be liquid and readily marketable. Further details can be found in the Investment section of the Trustee's Report of that entity which is included as an appendix to this report.

Investment Operational Policies *(continued)*

Review of the Diversification of the Investments

The Fund's assets are held in a wide range of investments. The allocation of the total assets between asset classes and geographical locations is regularly reviewed by the JIC and revised as necessary. The JIC also regularly reviews the diversification between managers. In addition, the Fund is the legal owner of a bulk annuity policy and derivatives hedging portfolio which further diversifies risk of the total assets.

Review of Employer Related Investments (ERI)

When selecting investment funds the Trustee considers the exposure it has to GlaxoSmithKline plc or subsidiary companies (the "GSK Group") to ensure the employer related investment regulations are not at risk of being breached.

The Trustee has at times actively chosen to exclude investment in the GSK Group even where there is no regulatory requirement to exclude self investment in certain pooled fund structures.

Further details of any direct or indirect investments in the GSK Group are given in note 28 to the Financial Statements.

Review of Investment Operational Risk

The Trustee has a series of controls over the activities of the investment managers and the custodian which it has delegated to the JIC. The key controls are as follows:

- Monthly reviews of custodian versus investment manager reconciliations.
- Reviews of internal controls reports.
- Quarterly reviews of performance against benchmarks and agreed targets.
- Periodic service meetings.
- Due diligence on new manager appointments.

There are also regular reviews by the investment adviser, Isio.

SIP Implementation Statement

The Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 require the Trustee to include an Implementation Statement describing how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 31 December 2023. The Implementation Statement is shown as an Appendix to the Annual Report and Financial Statements and forms part of this report.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Investment Operational Policies *(continued)*

TCFD Statement

The following documents are available on the GSK Pension Fund website (https://www.gskpensions.co.uk/governance/gsk_pension_fund/index.html)

- TCFD report
- Statement of Investment Principles (SIP) – included in the SIP implementation report
- Chairs Governance Statement

Employer-related investments

Employer related investments are disclosed in note 28 of the Financial Statements.

Chair's Statement on DC Governance

Occupational Pension Schemes (Charges and Governance) Regulations 2015, (together "the Administration Regulations") require the Trustee to include an annual statement regarding DC governance in the annual report. The Chair's Statement of DC Governance is shown as an Appendix to the Annual Report and Financial Statements and forms part of this report.

Global economies and geopolitical developments

Global economies and geopolitical developments can always pose a risk to investments. The ongoing conflicts in the Middle East and Ukraine presented challenges across worldwide supply chains through 2023. Whilst both conflicts remain broadly contained, we have seen several attacks in the Red Sea bringing challenges to the shipping industry, with subsequent knock-on effects. Additionally, almost half of the global population are set to vote in upcoming elections through 2024 which has historically meant increased volatility within global financial markets. The U.S. and Taiwan elections will be followed particularly closely, and their outcomes may have wide-reaching impacts on the geopolitical landscape. GSK's portfolio has remained diversified through 2023 across both asset classes and regions to help mitigate geopolitical risk and volatility. Ongoing monitoring and communication with managers to understand the portfolio's exposure to these regions will also allow the portfolio to evolve in response to risks faced.

GSK PENSION FUND

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2023

Contact for further information

The Trust Deed and Rules can be inspected on application to the Secretary to the Trustee at GSK House, 980 Great West Road, Brentford, Middlesex TW8 9GS.

Any enquiry concerning the Fund should be addressed to UK Benefits at the above address.

Enquiries about an individual member's entitlement should be addressed to the administrator whose contact details are:

GSK Pensions Team
Willis Towers Watson,
PO Box 545, Redhill, RH1 1YX
Email: gskpensions@wtwco.com
Phone: 01737 227563

The Trustee's Report is approved and signed by the Trustee:

Name	Signature	Title
Mark Ashworth		Trustee Director

GSK PENSION FUND

ACTUARIAL CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Actuary's certification of Schedule of Contributions

Name of Scheme: GSK Pension Fund

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2020 to be met by the end of the period specified in the recovery plan dated 25 March 2022.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 25 March 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signed : Tim Panter

Tim Panter
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited, a WTW Company
25 March 2022

Towers Watson Limited
Watson House
London Road
Reigate
Surrey
RH2 9PQ

GSK PENSION FUND

SUMMARY OF CONTRIBUTIONS

YEAR ENDED 31 DECEMBER 2023

Trustee's summary of contributions

This summary of contributions has been prepared on behalf of the Trustee, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Fund by the Employers under the Schedule of Contribution certified by the Fund Actuary on 25 March 2022 in respect of the Fund year ended 31 December 2023. The Fund Auditor reports on contributions payable under the schedule in their auditors' statement about contributions.

During the year ended 31 December 2023, the contributions payable to the Fund were as follows:

	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Contributions payable under the Schedule of Contributions			
Employer normal *	–	0.1	0.1
Employer administrative expenses and PPF levies	2.7	–	2.7
Deficit funding contributions	235	–	235
Less contributions received in advance in the prior year	(159.1)		(159.1)
SLP interest contributions	1.9	–	1.9
Employer augmentations	0.2	–	0.2
Other Contributions in addition to those payable under the Schedule of Contributions			
Employer bonus (salary sacrifice) ***	-	-	-
Employer AVC (salary sacrifice) ****	-	-	-
Total contributions per note 5 of the Financial Statements	80.7	0.1	80.8

* Employer normal comprises Core and Risk contributions.

** Deficit contributions were received during the year, earlier than was due under the Schedule of Contributions resulting in full settlement.

*** Employer bonus (salary sacrifice) contributions were £31,811. These are shown as "-" in the above table as it is presented in £m.

**** Employer AVC (salary sacrifice) contributions were £47,424. These are shown as "-" in the above table as it is presented in £m.

Approved by the Trustee and signed on their behalf by:

Name	Signature	Title
Mark Ashworth		Trustee Director
David Wiggins		Trustee Director

GSK PENSION FUND

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE GSK PENSION FUND

YEAR ENDED 31 DECEMBER 2023

We have examined the summary of contributions to the GSK Pension Fund (the 'Fund') for the Fund year ended 31 December 2023 which is set out on page 28.

In our opinion, contributions for the Fund year ended 31 December 2023 as reported in the summary of contributions and payable under the Schedule of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Fund actuary on 25 March 2022.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the statement of Trustee's responsibilities (set out on pages 9 to 10), the Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of contributions and for monitoring whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date:

GSK PENSION FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF GSK PENSION FUND

YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the financial statements of GSK Pension Fund (the 'Fund') for the year ended 31 December 2023, which comprise the fund account, the statement of net assets available for benefits and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Fund including effects arising from macro-economic uncertainties such as rising interest and inflation rates and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

GSK PENSION FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF GSK PENSION FUND *(continued)*

YEAR ENDED 31 DECEMBER 2023

Conclusions relating to going concern *(continued)*

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustee.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on pages 9 to 10, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Fund, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Pensions Act 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP")).

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Fund operates.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustee, and from inspection of Trustee board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustee.

We assessed the susceptibility of the Fund's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to:

- The risk of management override of controls through posting inappropriate journal entries to manipulate results for the year and net assets for the year.
- The valuation of Annuity insurance policies using a method not permitted under the SORP.

Our audit procedures involved:

- Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts;
 - Use of our internal experts to challenge the reasonableness of the bulk annuity insurance policy asset valuation at the year-end produced by the Trustee's valuation experts;
-

Auditor's responsibilities for the audit of the financial statements *(continued)*

- Use of our internal experts to challenge the reasonableness of the derivatives valuation at the year-end produced by the custodian and
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement leader's assessment is that all team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of Funds of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and understanding of the sector, the underlying applicable legislation and related guidance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Fund's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date:

GSK PENSION FUND

FUND ACCOUNT

YEAR ENDED 31 DECEMBER 2023

	Note	Defined benefit section 2023 £m	Defined contribution section 2023 £m	Total 2023 £m	Total 2022 £m
Contributions and benefits					
Employer contributions		80.7	0.1	80.8	208.8
Total contributions	5	80.7	0.1	80.8	208.8
Transfers in	6	–	0.3	0.3	–
		80.7	0.4	81.1	208.8
Benefits paid or payable	7	(129.0)	(1.6)	(130.6)	(119.6)
Payments to and on account of leavers	8	(5.3)	(6.9)	(12.2)	(32.3)
Administrative expenses	9	(3.9)	–	(3.9)	(4.6)
		(138.2)	(8.5)	(146.7)	(156.5)
Net (withdrawals)/additions from dealings with members		(57.5)	(8.1)	(65.6)	52.3
Returns on investments					
Investment income	10	17.5	–	17.5	13.3
Change in market value of investments	11	141.6	12.1	153.7	(1,152.2)
Investment management expenses	13	(2.6)	–	(2.6)	(2.0)
Net return on investments		156.5	12.1	168.6	(1,140.9)
Net increase/(decrease) in the fund during the year		99.0	4.0	103.0	(1,088.6)
Transfers between sections	15	0.8	(0.8)	–	–
Net assets of the Fund					
At 1 January		2,290.2	85.8	2,376.0	3,464.6
At 31 December		2,390.0	89.0	2,479.0	2,376.0

GSK PENSION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31 DECEMBER 2023

	Note	Defined benefit section 2023 £m	Defined contribution section 2023 £m	Total 2023 £m	Total 2022 £m
Investment assets	11				
Investment in GSK CIF		349.5	–	349.5	767.6
Bonds		1,697.1	–	1,697.1	1,297.8
Pooled investment vehicles	16	401.4	88.8	490.2	84.8
Derivatives	17	70.3	–	70.3	128.7
Insurance policies	19	336.1	–	336.1	340.6
Cash	21	142.8	–	142.8	503.2
Other investment balances	22	7.7	–	7.7	5.3
Reverse repurchase agreements	23	78.2	–	78.2	10.3
		<u>3,083.1</u>	<u>88.8</u>	<u>3,171.9</u>	<u>3,138.3</u>
Investment liabilities	11				
Derivatives	17	(80.8)	–	(80.8)	(216.6)
Short sold Bonds		(50.0)	–	(50.0)	–
Other investment balances	22	(18.3)	–	(18.3)	(9.3)
Repurchase agreements	23	(540.9)	–	(540.9)	(535.8)
		<u>(690.0)</u>	<u>–</u>	<u>(690.0)</u>	<u>(761.7)</u>
Total investments		2,393.1	88.8	2,481.9	2,376.6
Current assets	29	2.3	0.2	2.5	4.5
Current liabilities	30	(5.4)	–	(5.4)	(5.1)
Net assets of the Fund at 31 December		<u><u>2,390.0</u></u>	<u><u>89.0</u></u>	<u><u>2,479.0</u></u>	<u><u>2,376.0</u></u>

The notes on page 37 to 79 form part of these financial statements.

GSK PENSION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS *(continued)*

YEAR ENDED 31 DECEMBER 2023

The Financial Statements summarise the transactions of the Scheme and deal with the net assets available for benefits at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the DB section of the Fund, which takes into account such obligations for the defined benefit section, is dealt with in the report on actuarial liabilities on pages 12 to 14 of the Annual Report, and these Financial Statements should be read in conjunction with that report.

The financial statements on pages 34 to 799 were approved by the Trustee and signed on their behalf by:

Name	Signature	Title
Mark Ashworth		Trustee Director
David Wiggins		Trustee Director

The notes on page 37 to 79 form part of these financial statements.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

1. General information

The GSK Pension Fund (the “Fund”) is an occupational pension scheme established under trust in the United Kingdom, under English Law.

The Fund was established to provide retirement benefits to certain groups of employees within the GSK plc group. The address of the Fund’s principal office is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

The Fund has a Defined Benefit section (“DB”) which ceased to accrue benefits after 31 March 2022. In addition, it has a Defined Contribution section (“DC”) which is closed to new members but open to contributions for active members.

The Fund is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Fund receive preferential tax treatment.

2. Basis of preparation

The individual financial statements of GSK Pension Fund have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised June 2018) (“the SORP”).

The financial statements have been prepared on a going concern basis as the Trustees continue to believe this to be an appropriate basis in view of the actuarial valuation results as at 31 December 2020 and the annual update as at 31 December 2022, and the Deficit Funding Contributions received earlier than the due date.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

3. Comparative fund account and statement of net assets available for benefits

Fund account

	Note	Defined benefit section 2022 £m	Defined contribution section 2022 £m	Total 2022 £m
Contributions and benefits				
Employer contributions		208.1	0.7	208.8
Total contributions	5	208.1	0.7	208.8
		208.1	0.7	208.8
Benefits paid or payable	7	(118.5)	(1.1)	(119.6)
Payments to and on account of leavers	8	(18.8)	(13.5)	(32.3)
Administrative expenses	9	(4.6)	–	(4.6)
		(141.9)	(14.6)	(156.5)
Net additions from dealings with members		66.2	(13.9)	52.3
Returns on investments				
Investment income	10	13.3	–	13.3
Change in market value of investments	11	(1,139.8)	(12.4)	(1,152.2)
Investment management expenses	13	(2.0)	–	(2.0)
Net return on investments		(1,128.5)	(12.4)	(1,140.9)
Net decrease in the fund during the year		(1,062.3)	(26.3)	(1,088.6)
Transfers between sections	15	0.8	(0.8)	–
Net assets of the Fund				
At 1 January		3,351.7	112.9	3,464.6
At 31 December		2,290.2	85.8	2,376.0

3. Comparative fund account and statement of net assets available for benefits *(continued)*

Statement of net assets available for benefits

	Note	Defined benefit section 2022 £m	Defined contribution section 2022 £m	Total 2022 £m
Investment assets	11			
Investment in GSK CIF		767.6	–	767.6
Bonds		1,297.8	–	1,297.8
Pooled investment vehicles	16	–	84.8	84.8
Derivatives	17	128.7	–	128.7
Insurance policies	19	340.6	–	340.6
Cash	21	503.2	–	503.2
Other investment balances	22	5.3	–	5.3
Reverse repurchase agreements	23	10.3	–	10.3
		<u>3,053.5</u>	<u>84.8</u>	<u>3,138.3</u>
Investment liabilities	11			
Derivatives	17	(216.6)	–	(216.6)
Other investment balances	22	(9.3)	–	(9.3)
Repurchase agreements	23	(535.8)	–	(535.8)
		<u>(761.7)</u>	<u>–</u>	<u>(761.7)</u>
Total investments		2,291.8	84.8	2,376.6
Current assets	29	3.3	1.2	4.5
Current liabilities	30	(4.9)	(0.2)	(5.1)
Net assets of the Fund at 31 December		<u><u>2,290.2</u></u>	<u><u>85.8</u></u>	<u><u>2,376.0</u></u>

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Currency

The Fund's functional currency and presentational currency is pounds sterling.

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

Employer and employee's normal contributions, including core, matching, partnership, bonus, shift and risk are accounted for on an accruals basis and in the payroll period to which they relate, at rates agreed between the Trustee and the employer based on recommendations of the Actuary.

Members' Additional Voluntary Contributions ("AVCs") are accounted for on an accruals basis.

All contributions payable under salary sacrifice arrangements are classified as employer contributions.

Deficit repair contributions are accounted for in accordance with the agreement under which they are due or, in the absence of such an agreement, when they are received.

Augmentation contributions are accounted for from the earlier of the date received and in accordance with the agreement under which they are paid, or in the absence of such an agreement, on an accruals basis based on date of leaving.

Contributions to cover administrative expenses and PPF levies are accounted for on an accruals basis.

As the Fund is closed to new entrants and is not used for auto enrolment there are no contributions or refunds of contributions to members who opted out after being auto enrolled.

Other income

Other income is accounted for on an accruals basis.

4. Summary of significant accounting policies *(continued)***Transfers to and from other schemes**

Individual transfers in are accounted for when the liability transfers, which is normally when cash is received, unless there is a separate agreement in place to take the liability in advance. Transfers out are accounted for when the receiving scheme accepts the liability and the amount can be determined with reasonable certainty.

Benefits paid or payable

Pensions in payment are accounted for in the period to which they relate. Where members can choose whether to take a full pension or a reduced pension with a lump sum, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Fund, as appropriate.

Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where Lifetime or Annual Allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Fund, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and is shown within benefits payable.

Administrative and investment management expenses

Administrative and investment management expenses are accounted for on an accruals basis.

Investment income

Income from bonds including income accrued on purchases and sales is accounted for on an accrual basis.

Interest payable on repurchase agreements is accounted for in the period it falls due.

All other investment income, including interest on cash deposits, is accounted for on an accruals basis.

In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, the income is included within change in market value.

4. Summary of significant accounting policies *(continued)*

Investments

During the accounting year, some return seeking investments were held by the GSK CIF and pooled with those of the other GSK UK Schemes.

The investment in the GSK CIF is valued at the fair value as notified by the GSK CIF Trustee.

The Financial Statements of the GSK CIF, which are attached as an appendix to the annual report, show the accounting policies applied to the assets and liabilities it holds.

All investments are held at fair value, and the change in market value is the realised and unrealised gains and losses on the investments.

Bonds and Short Dated Bonds - fixed income and index linked securities – government and other

Quoted securities are valued at their bid-market values at the official close on the principal stock exchange on which they are traded. Accrued interest is excluded from the market value of fixed income and index linked securities but is included in investment income receivable.

Unquoted securities which are not listed on exchange are derived from a valuation model sourced from an independent pricing vendor.

Pooled investment vehicles

Where separate bid and offer prices are available, pooled investment vehicles are stated at the bid price provided by the manager, otherwise the closing single price is used.

Investments in more complex pooled investment vehicles which are unquoted or not actively traded on a quoted market are valued using the latest available Net Asset Value (NAV) determined in accordance with fair value principles provided by the pooled investment manager.

Change in Market Value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on the sales of investments during the year.

Defined contribution and AVC assets

The Fund holds pooled investment vehicles within assurance policies with various providers in respect of defined contribution assets. These investments are valued at the dealing price quoted by the investment manager at the year end.

4. Summary of significant accounting policies *(continued)*

Gilt repurchase agreements

Under repurchase arrangements the Fund continues to recognise and value securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.

Under reverse repurchase arrangements the Fund does not recognise the securities received as collateral in the Financial Statements. The cash delivered to counterparty is recognised as an asset.

Interest payable on loans entered into as part of the repurchase agreement programme and interest receivable on cash received as part of the reverse repurchase agreement programme are accounted for on an accruals basis.

Swap contracts

The swap contracts are fair valued using discounted cash flow pricing models based on the current value of future expected net cash flows arising over the swap, taking into account the time value of money, or the market price of comparable instruments at the year end date if they are publicly traded. Interest is accrued monthly on a basis consistent with the terms of the contract. The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts as the economic rationale is to hedge the economic risk of the Fund liabilities.

Equity option contracts

Equity option contracts and OTC contracts are fair valued using pricing models which take into account such factors as the difference between the value of the underlying instrument and the strike price, how long the option has to expiry, and the volatility of the market to which the option relates. The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts.

Bond futures contracts

Bond futures contracts are included in the net asset statement at their fair market, which is the unrealised profit or loss at the current bid or offer price, or market quoted price of the contract. The amounts included in change in market value are the realised gains or losses on closed futures contracts and the unrealised gains or losses on open contracts.

Foreign forward currency contracts

Forward foreign exchange contracts outstanding at the year end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

4. Summary of significant accounting policies *(continued)*

Collateral

Amounts posted as collateral against derivative contracts continue to be recognised as an asset in the Financial Statements. Assets received as collateral against derivative contracts are not recognised as assets in the Financial Statements.

Insurance policies – defined benefit

The Fund holds an insurance policy in the form of a buy-in arrangement with The Prudential Assurance Company Limited (“PAC”). The fair value of the insurance policy is the present value of the related obligation to fund insured member benefits. The present value will depend on a number of key estimates, such as the discount rate, pension increases awarded and life expectancy. For details of the key assumptions adopted, please see notes 19 and 25 on pages 61 and 65 to 67.

The bulk annuity policy is valued using the termination amount payable, should the Trustee terminate due to a PAC fault. The termination amount is provided by PAC and calculated using PAC’s Solvency II Best Estimate Liability for the policy. The Solvency II Best Estimate Liability is calculated by taking the expected future benefits payable to the Trustee under the policy, discounted back to the year end, and uplifted by 18.04%. The termination amount has been agreed with the Fund actuary as an appropriate proxy for estimated fair value of the present value of future liabilities on a Technical Provisions basis at the reporting date.

The normal monthly contractual payments received on those policies are treated as disinvestments from the policy and are shown within disposal proceeds. This represents the substance of the transaction as in effect the payments received are part disposals of the policy.

Where any amounts are received that do not represent a part disposal of the policy, these are shown within investment income in the fund account.

Any difference between the opening value of the policy and the closing value (less the proceeds referred to above) is shown as change in market value of the investment.

Collateral held to provide security over the annuity policy is not included or valued in these Financial Statements.

Annuity policies – defined contribution

Annuity policies are purchased on retirement by defined contribution members or defined benefit members who have AVC investments. These are not included as assets of the Fund as they are in the name of the member, and are therefore expensed in the fund account in the year in which they are purchased.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

4. Summary of significant accounting policies *(continued)*

Key accounting estimates and judgements

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material

adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Fund investments and, in particular, those classified in Level 3 of the fair value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included in the accounting policies above and within the notes to the financial statements.

5. Contributions

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Employer contributions			
Core	–	0.1	0.1
Augmentation	0.2	–	0.2
Administrative expense and PPF levies	2.7	–	2.7
Employers AVC sacrifice contributions	–	–	–
Employers bonus salary sacrifice contributions	–	–	–
Deficit repair	75.9	–	75.9
SLP interest contributions	1.9	–	1.9
	<u>80.7</u>	<u>0.1</u>	<u>80.8</u>

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

5. Contributions *(continued)*

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Employer contributions			
Core	0.7	0.1	0.8
Augmentation	1.2	0.2	1.4
Administrative expense and PPF levies	3.1	–	3.1
Employers AVC sacrifice contributions	–	0.1	0.1
Employers bonus salary sacrifice contributions	–	0.3	0.3
Deficit repair	203.1	–	203.1
SLP interest contributions	–	–	–
	<u>208.1</u>	<u>0.7</u>	<u>208.8</u>

Risk contributions are paid in respect of members with defined contribution benefits and for defined benefit life assurance only members. The contributions are intended to be used to fund benefits due in the event of the death of a member.

The balance of the deficit repair contributions of £75.9m were received during the year, earlier than was due under the Schedule of Contributions resulting in full settlement.

6. Transfers in

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Individual transfers in	<u>–</u>	<u>0.3</u>	<u>0.3</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Individual transfers in	<u>–</u>	<u>–</u>	<u>–</u>

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

7. Benefits paid or payable

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Pensions	121.0	–	121.0
Lump sums on retirement	7.9	1.6	9.5
Purchase of annuities	–	–	–
Death benefits	0.1	–	0.1
	<u>129.0</u>	<u>1.6</u>	<u>130.6</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Pensions	110.1	–	110.1
Lump sums on retirement	8.0	0.9	8.9
Purchase of annuities	–	0.2	0.2
Death benefits	0.4	–	0.4
	<u>118.5</u>	<u>1.1</u>	<u>119.6</u>

8. Payments to and on account of leavers

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Individual transfers out	<u>5.3</u>	<u>6.9</u>	<u>12.2</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Individual transfers out	<u>18.8</u>	<u>13.5</u>	<u>32.3</u>

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

9. Administrative expenses

	2023		
	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Administration and processing	1.2	–	1.2
Professional fees	1.0	–	1.0
Trustee fees and insurance	0.1	–	0.1
Regulator levies	0.1	–	0.1
Other admin expenses	1.5	–	1.5
	<u>3.9</u>	<u>–</u>	<u>3.9</u>

	2022		
	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Administration and processing	1.1	–	1.1
Professional fees	0.7	–	0.7
Trustee fees and insurance	0.2	–	0.2
Regulator levies	0.1	–	0.1
Other admin expenses	2.5	–	2.5
	<u>4.6</u>	<u>–</u>	<u>4.6</u>

Administrative expenses in respect of both the defined benefit and defined contributions sections of the Fund are borne by the defined benefit section and are partly recovered from the Employer by way of a contribution, as shown in note 5.

Professional fees includes audit fees of £0.1m (2022: £0.1m) and investment consultancy fees of £0.4m (2022: £0.2m).

Other admin expenses includes various project fees of £1.5m (2022: £2.3m).

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

10. Investment income

	2023		
	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Other income	3.1	–	3.1
Income from bonds	26.8	–	26.8
Net repo interest expense	(20.1)	–	(20.1)
Interest receivable	7.7	–	7.7
	<u>17.5</u>	<u>–</u>	<u>17.5</u>

	2022		
	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Other income	(3.5)	–	(3.5)
Income from bonds	21.2	–	21.2
Net repo interest expense	(8.8)	–	(8.8)
Interest receivable	4.4	–	4.4
	<u>13.3</u>	<u>–</u>	<u>13.3</u>

The other income is the currency gains and losses and any other realised and unrealised gains and losses.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

II. Reconciliation of investments

Defined benefit section

	Value at 31 December 2022 £m	Purchases at cost and derivative payments £m	Sales proceeds and derivative receipts £m	Change in market value £m	Value at 31 December 2023 £m
Investment in GSK CIF	767.6	10.5	(466.5)	37.9	349.5
Bonds	1,297.8	914.7	(564.4)	(1.0)	1,647.1
Pooled investment vehicles	–	381.0	(26.2)	46.6	401.4
Derivatives	(87.9)	201.5	(165.3)	41.2	(10.5)
Insurance policies	340.6	–	(21.4)	16.9	336.1
	<u>2,318.1</u>	<u>1,507.7</u>	<u>(1,243.8)</u>	<u>141.6</u>	<u>2,723.6</u>
Cash	503.2			–	142.8
Other investment balances	(4.0)			–	(10.6)
Repurchase and reverse repurchase agreements	(525.6)			–	(462.7)
	<u>2,291.7</u>			<u>141.6</u>	<u>2,393.1</u>

Defined contribution section

	Value at 31 December 2022 £m	Purchases at cost £m	Sales proceeds £m	Change in market value £m	Value at 31 December 2023 £m
Pooled investment vehicles	<u>84.8</u>	<u>9.7</u>	<u>(17.8)</u>	<u>12.1</u>	<u>88.8</u>

The DB Pooled investment vehicles were transferred from GSK CIF to the Fund during the year.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

12. Transaction costs

Indirect transaction costs are included in the cost of purchases and deducted from the sales proceeds in the reconciliation in note 11.

There were no direct transaction costs incurred in the current or prior year.

Indirect costs are incurred through the bid-offer spread on defined contribution pooled investment vehicles and charges made within those vehicles. It is not possible for the Trustee to quantify such transaction costs.

13. Investment management expenses

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Investment manager fees	2.4	–	2.4
Custody fees, performance measurement and accounting	0.2	–	0.2
	<u>2.6</u>	<u>–</u>	<u>2.6</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Investment manager fees	1.8	–	1.8
Custody fees, performance measurement and accounting	0.2	–	0.2
	<u>2.0</u>	<u>–</u>	<u>2.0</u>

14. Taxation

There was no withholding taxation suffered on direct investment holdings.

Withholding taxation may have been suffered by the Fund through its holding in pooled investment vehicles but it is not possible for the Trustee to quantify the amounts.

In addition, where withholding taxation has been suffered by the Fund through its holding in the GSK CIF, the effect of that is disclosed in the Financial Statements of that entity.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

15. Transfers between sections

	2023		
	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Transfers between sections	<u>0.8</u>	<u>(0.8)</u>	<u>-</u>

	2022		
	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Transfers between sections	<u>0.8</u>	<u>(0.8)</u>	<u>-</u>

Transfers between the defined contribution (DC) and defined benefit (DB) section occur in a number of situations:

- Where risk contributions of £0.02m (2022: £0.02m) in respect of DC members are shown in the DC section but are invested in the DB section;
- Internal annuitisation of £0.8m (2022: £0.8m), which is a transfer from the DC section to the DB section when a DC member retiring elects to take a pension from the Fund at conversion rates set annually by the Trustee, rather than requesting an annuity under the open market option. This approach is also used for spouses' pensions arising from DC deaths in service or as an option under a Pension Sharing Order.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

16. Pooled investment vehicles

The Fund's investments in pooled investment vehicles at the year-end comprised:

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Equity	401.4	52.0	453.4
Cash	–	1.7	1.7
Lifecycle	–	27.7	27.7
Targeting Annuity	–	3.3	3.3
Shariah	–	0.3	0.3
Retirement income multi asset	–	3.8	3.8
	<u>401.4</u>	<u>88.8</u>	<u>490.2</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Equity	–	45.9	45.9
Cash	–	1.9	1.9
Lifecycle	–	30.8	30.8
Pre-retirement inflation linked	–	3.2	3.2
Shariah	–	0.7	0.7
Retirement income multi asset	–	2.3	2.3
	<u>–</u>	<u>84.8</u>	<u>84.8</u>

In 2022 the Targeting Annuity fund was known as the Pre-retirement inflation linked fund.

The defined contribution represents investment arrangements including AVC investments which are invested in pooled funds with Legal & General. These defined contribution assets are allocated to provide benefits to the individuals on whose behalf the contributions are paid.

The defined benefit represents investment arrangements which are invested in pooled funds with Legal & General.

All pooled investment vehicle funds are structured as unit linked insurance policies.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

17. Derivatives

The trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Fund as explained in the Trustee's report. At the year-end the Fund had the following derivatives:

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Derivative assets			
Futures	0.1	–	0.1
Options	–	–	–
Swaps	65.9	–	65.9
Forward FX contracts	4.3	–	4.3
	<u>70.3</u>	<u>–</u>	<u>70.3</u>
Derivative liabilities			
Futures	(3.5)	–	(3.5)
Options	–	–	–
Swaps	(77.0)	–	(77.0)
Forward FX contracts	(0.3)	–	(0.3)
	<u>(80.8)</u>	<u>–</u>	<u>(80.8)</u>
	<u>(10.5)</u>	<u>–</u>	<u>(10.5)</u>

17. Derivatives *(continued)*

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Derivative assets			
Futures	0.2	–	0.2
Options	0.4	–	0.4
Swaps	125.2	–	125.2
Forward FX contracts	2.9	–	2.9
	<u>128.7</u>	<u>–</u>	<u>128.7</u>
Derivative liabilities			
Futures	(0.1)	–	(0.1)
Options	(0.4)	–	(0.4)
Swaps	(214.8)	–	(214.8)
Forward FX contracts	(1.3)	–	(1.3)
	<u>(216.6)</u>	<u>–</u>	<u>(216.6)</u>
	<u>(87.9)</u>	<u>–</u>	<u>(87.9)</u>

The Trustee holds various swap contracts to hedge a proportion of the interest rate and inflation sensitivity versus a prudent measure of the liabilities. In addition, synthetic equities were introduced in 2023 using Equity Futures and Equity Total Return Swaps to maintain the target notional exposure of the Fund in equities.

At the end of 2022, the Trustee held a combination of call and put equity options on various regional market indices to reduce equity downside risk. The trades formed a collar structure such that they were entered into at a zero cost, since potential upside, above a specified level, was sacrificed to pay for the downside protection. All equity options were closed at the beginning of 2023 as part of a strategic decision by the Trustee.

The Trustee holds bond futures to hedge US interest rate exposure back to neutral and also to manage interest rate exposure during the build phase of the corporate bond mandate.

The Trustee also uses forward foreign exchange contracts to hedge the US\$ currency exposure within the US corporate bond mandate.

YEAR ENDED 31 DECEMBER 2023

17. Derivatives *(continued)*

Futures

The Fund had outstanding exchange traded futures at the year-end as follows:

Defined benefit section

Nature	No. of contracts	Economic exposure £m	Expires	Asset value £m	Liability value £m
EURO bond futures	5	0.6	March 2024	–	–
Japan bond futures	1	0.8	March 2024	–	–
UK bond futures	10	1.0	March 2024	–	(0.1)
US bond futures	697	66.0	March 2024	0.1	(3.4)
Total 2023		<u>68.4</u>		<u>0.1</u>	<u>(3.5)</u>
Total 2022		<u>77.7</u>		<u>0.2</u>	<u>(0.1)</u>

Options

The Fund had outstanding options at the year-end as follows:

Defined benefit section

Nature	No. of contracts	Notional principal £m	Expires	Asset value £m	Liability value £m
Total 2023		<u>–</u>		<u>–</u>	<u>–</u>
Total 2022		<u>(0.3)</u>		<u>0.4</u>	<u>(0.4)</u>

YEAR ENDED 31 DECEMBER 2023

17. Derivatives *(continued)*

Swaps

The Fund had outstanding derivative swap contracts at the year-end as follows:

Defined benefit section

Nature	No. of contracts	Notional amounts £m	Expires	Asset value Liability value	
				£m	£m
Cleared Credit Default swaps	14	55.6	0 to 10 Years	0.9	–
Cleared Inflation swaps	8	290.1	0 to 10 Years	44.4	(0.1)
Cleared Inflation swaps	3	35.2	11 to 20 Years	5.0	–
Cleared Interest Rate swaps	11	36.8	0 to 10 Years	1.2	(0.1)
Cleared Interest Rate swaps	4	79.8	11 to 20 Years	0.4	–
Cleared Interest Rate swaps	1	1.4	31 to 40 Years	–	(0.1)
Cleared Zero Coupon swaps	20	839.6	0 to 10 Years	6.1	(44.7)
Cleared Zero Coupon swaps	3	103.6	11 to 20 Years	0.4	(21.3)
Cleared Zero Coupon swaps	5	21.1	21 to 30 Years	–	(9.2.)
Credit Default swaps	1	0.3	0 to 10 Years	–	–
Total Return swaps	6	196.2	0 to 10 Years	7.5	(1.5)
Total 2023		1,659.7		65.9	(77.0)
Total 2022		2,182.6		125.2	(214.8)

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

17. Derivatives *(continued)*

Forward FX contracts

The Fund had open forward foreign exchange contracts at the year-end as follows:

Defined benefit section

Contract	Settlement date	No. of contracts	Currency bought	Currency sold	Asset value £m	Liability value £m
Forward OTC	9 January 2024	1	AUD 2.2mn	GBP 1.2mn	–	–
Forward OTC	9 January 2024	1	CAD 0.3mn	GBP 0.2mn	–	–
Forward OTC	9 January 2024	2	EUR 0.2mn	GBP 0.2mn	–	–
Forward OTC	14 March 2024	1	GBP 1.9mn	AUD 3.6mn	–	–
Forward OTC	9 January 2024	1	GBP 0.2mn	CAD 0.4mn	–	–
Forward OTC	14 March 2024	2	GBP 2.5mn	CHF 2.8mn	–	(0.1)
Forward OTC	9 January 2024	5	GBP 27.3mn	EUR 31.5mn	–	–
Forward OTC	14 March 2024	3	GBP 10.3mn	EUR 12.0mn	–	(0.1)
Forward OTC	14 March 2024	1	GBP 0.5mn	HKD 5.3mn	–	–
Forward OTC	9 January 2024	2	GBP 0.1mn	JPY 9.6mn	–	–
Forward OTC	14 March 2024	2	GBP 6.0mn	JPY 1,071.6mn	–	–
Forward OTC	9 January 2024	8	GBP 110.3mn	USD 139.4mn	1.0	–
Forward OTC	10 January 2024	2	GBP 32.0mn	USD 39.0mn	1.4	–
Forward OTC	21 February 2024	2	GBP 30.3mn	USD 37.8mn	0.6	–
Forward OTC	13 March 2024	1	GBP 28.7mn	USD 36.1mn	0.4	–
Forward OTC	14 March 2024	4	GBP 69.6mn	USD 87.5mn	0.9	–
Forward OTC	10 January 2024	1	USD 3.2mn	GBP 2.6mn	–	(0.1)
Total 2023					4.3	(0.3)
Total 2022					2.9	(1.3)

18. Collateral

In order to manage counterparty default risk the swaps, equity options and repurchase contracts require there to be collateral arrangements. These require collateral in the form of cash or bonds to be passed between the parties depending on whether there is an asset or liability. The initial margin of the OTC Cleared swaps are 100% pledged and the variation margin are the net positions.

Type of Collateral	2023		2023	
	Held	Pledged	Held	Pledged
	£m	Initial Margin £m	£m	Variation margin £m
OTC Cleared				
Cash	–	2.7	6.0	0.1
Bonds	–	43.9	–	–
Total	–	46.6	6.0	0.1

OTC Bilateral	2023	
	Held £m	Pledged £m
Cash	3.8	–
Bonds	6.6	3.0
Total	10.4	3.0

Repos	2023			
	Held £m	Pledged £m	Physical leg MTM £m	
Cash	–	–	Reverse repos	(81.0)
Bonds	7.8	6.3	Repos	573.5
Total	7.8	6.3	Net	492.5

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

18. Collateral *(continued)*

Type of Collateral	2022		2022	
	Held	Pledged	Held	Pledged
OTC Cleared	Initial Margin		Variation margin	
	£m	£m	£m	£m
Cash	–	22.4	–	74.6
Bonds	–	95.6	–	–
Total	–	118.0	–	74.6

OTC Bilateral	2022	
	Held	Pledged
	£m	£m
Cash	7.1	–
Bonds	0.1	4.0
Total	7.2	4.0

Repos	2022			
	Held	Pledged	Physical leg MTM	
	£m	£m	£m	£m
Cash	–	39.8	Reverse repos	(9.5)
Bonds	–	109.3	Repos	396.1
Total	–	149.1	Net	386.6

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

19. Insurance policies

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Annuities	<u>336.1</u>	<u>–</u>	<u>336.1</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Annuities	<u>340.6</u>	<u>–</u>	<u>340.6</u>

The Trustee holds an insurance policy with The Prudential Assurance Company Limited (“PAC”) which provides annuity income to cover certain insured liabilities. The benefit of the policy belongs to the Fund as a whole and does not change the position of individual members who will see no change in how their pensions are provided.

The policy is valued periodically by the insurer and reviewed by the Trustee and its advisers to validate that valuation. Additional valuations can be carried out at the request of the Trustee, for example in times of financial distress. Further details on the valuation can be found in note 25.

There is a collateral structure in place whereby the Fund has legal ownership of a pool of assets which it can access should PAC default on the contract or breach it in another way. The levels of collateral have been agreed with PAC and they are obliged to maintain the collateral level where necessary.

The assets in the collateral pool are managed by the fund manager, M&G, in accordance with a pre-agreed investment policy which ensures that the credit quality, liquidity and marketability of the portfolio are kept at appropriate levels. In the event of PAC defaulting on the contract the collateral pool passes back to the Trustee.

The value of collateral held under insurance policy was £361.0m (2022: £381.4m).

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

20. Investment in GSK Common Investment Fund

Details of the Fund's investment in the GSK CIF can be viewed in the Annual Report and Financial Statements of that entity, which are included as Appendix 1 to this report.

At 31 December 2023 the Fund's share of the GSK CIF was £349.5m which represented 25.7% of the GSK CIF (2022: £767.6m, 26.1%).

21. Cash

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Cash assets			
Sterling	<u>142.8</u>	<u>–</u>	<u>142.8</u>
			2022
	Defined benefit section £m	Defined contribution section £m	Total £m
Cash assets			
Sterling	<u>503.2</u>	<u>–</u>	<u>503.2</u>

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

22. Other investment balances

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Other investment balances assets			
Pending sales	7.7	-	7.7
Interest receivable	-	-	-
	<u>7.7</u>	<u>-</u>	<u>7.7</u>
Other investment balances liabilities			
Pending purchases	(14.0)	-	(14.0)
Interest payable	(4.3)	-	(4.3)
	<u>(18.3)</u>	<u>-</u>	<u>(18.3)</u>
	<u>(10.6)</u>	<u>-</u>	<u>(10.6)</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Other investment balances assets			
Pending sales	3.0	-	3.0
Interest receivable	2.3	-	2.3
	<u>5.3</u>	<u>-</u>	<u>5.3</u>
Other investment balances liabilities			
Pending purchases	(9.3)	-	(9.3)
Interest payable	-	-	-
	<u>(9.3)</u>	<u>-</u>	<u>(9.3)</u>
	<u>(4.0)</u>	<u>-</u>	<u>(4.0)</u>

23. Repurchase and reverse repurchase agreements

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Amounts receivable under reverse repurchase agreements	78.2	-	78.2
Amounts due under repurchase agreements	(540.9)	-	(540.9)
	<u>(462.7)</u>	-	<u>(462.7)</u>
	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Amounts receivable under reverse repurchase agreements	10.3	-	10.3
Amounts due under repurchase agreements	(535.8)	-	(535.8)
	<u>(525.5)</u>	-	<u>(525.5)</u>

At 31 December 2023, index-linked securities with a market value of £573.5m (2022: £396.1m) were held by the Fund sold under repurchase agreement contracts. During the year the Fund also entered into reverse repurchase agreements. At the year end amounts receivable under reverse repurchase agreements amounted to £78.2m (2022: £10.3m). Bonds with value of £81.0m (2022: £9.5m) are held as collateral under reverse repurchase agreements. As at 31 December 2023, the total receivable from the counterparties on expiration of contracts was £82.9m (2022: £10.5m). The Fund has pledged additional margin of £6.3m (2022: £149.1m) collected on top of bonds, subject to repurchase agreement contracts.

The repurchase agreements are part of the Fund's liability matching portfolio with Legal & General. The contracts are used in conjunction with swap contracts to manage exposure to interest rates and inflation. At the year end, the Fund had received cash consideration of £555.8m (2022: £542.6m) from the counterparties in return for the transfer of index-linked securities, which it is committed to repurchase for the consideration plus accrued interest. As at 31 December 2023, the total payable to the counterparties upon expiration of the contracts was £568.6m (2022: £548.1m).

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

24. Defined contribution assets

Defined contribution assets can be split into Defined contribution investment assets of £88.8m (2022: £84.8m) and assets reported under current assets and liabilities of £0.2m (2022: £1.0m).

The Defined contribution investment assets are those allocated to members and those not allocated to members. Those not allocated to members are available to the Trustee to apply in accordance with the rules of the Fund.

Defined contribution investment assets are allocated as follows:

	2023 £m	2022 £m
Allocated to members	88.7	84.7
Not allocated to members	0.1	0.1
	<u>88.8</u>	<u>84.8</u>

25. Fair value determination

The fair value of investment assets and liabilities has been determined using the following hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

25. Fair value determination *(continued)*

The Fund's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	At 31 December 2023			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Defined benefit section				
Investment in GSK CIF *	–	–	349.5	349.5
Bonds	12.2	1,634.9	–	1,647.1
Pooled investment vehicles	–	401.4	–	401.4
Derivatives	(3.4)	(7.1)	–	(10.5)
Insurance policies	–	–	336.1	336.1
Cash	142.8	–	–	142.8
Other investment balances	(10.6)	–	–	(10.6)
Repurchase and reverse repurchase agreements	–	(462.7)	–	(462.7)
	<u>141.0</u>	<u>1566.5</u>	<u>685.6</u>	<u>2,393.1</u>
Defined contribution section				
Pooled investment vehicles	–	88.8	–	88.8
	<u>141.0</u>	<u>1,655.3</u>	<u>685.6</u>	<u>2,481.9</u>
	At 31 December 2022			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Defined benefit section				
Investment in GSK CIF *	–	–	767.6	767.6
Bonds **	9.7	1,288.1	–	1,297.8
Pooled investment vehicles	–	–	–	–
Derivatives **	0.1	(88.0)	–	(87.9)
Insurance policies	–	–	340.6	340.6
Cash	503.2	–	–	503.2
Other investment balances	(4.0)	–	–	(4.0)
Repurchase and reverse repurchase agreements	–	(525.5)	–	(525.5)
	<u>509.0</u>	<u>674.6</u>	<u>1,108.2</u>	<u>2,291.8</u>
Defined contribution section				
Pooled investment vehicles	–	84.8	–	84.8
	<u>509.0</u>	<u>759.4</u>	<u>1,108.2</u>	<u>2,376.6</u>

25. Fair value determination *(continued)*

* The Fund's share of the GSK CIF has been categorised as Level 3 investments in the tables on page 66. The total of the CIF's investments is categorised accordingly in the Financial Statements of the GSK CIF which are included as an Appendix to the Annual Report and Financial Statements and forms part of this report.

** The Trustee has reviewed the allocation within the Fair Value Hierarchy and after taking advice from the Custodian has reallocated bonds of £1,288.1m from level 1 to level 2 and futures of £0.1m from level 2 to level 1.

The key assumptions behind the pooled investment vehicles categorised as Level 3 investments in the GSK CIF are given in the Annual Report and Financial Statements of the GSK CIF, which is appended to this Annual Report. AVC investments included in Level 3 are based on valuations as assessed and provided by the investment managers. Insurance policies valuations included in Level 3 are calculated by the Insurer.

The bulk insurance policy is valued at the fair value of the liability as calculated and provided by PAC. The basis of valuation is the termination amount payable, should the Trustee terminate the policy due to a PAC fault. The termination amount is calculated as PAC's Solvency II Best Estimate Liability for the policy but uplifted by 18.04%.

The Solvency II Best Estimate Liability is calculated by taking the expected future benefits payable to the Trustee under the policy, discounted back to the year end. The uplift was set at the outset of the policy such that the termination amount was equal to the purchase price. The uplift was adjusted at 31 December 2015 when PAC moved onto new a Solvency II reserving measure. This adjustment was done in such a way that there was no change in the termination amount as a result of the transition to Solvency II.

The discount interest rate is a single equivalent rate of 5.1% p.a. The future Retail Price Inflation assumption is a single equivalent rate of 3.8% p.a. The mortality assumptions are set by reference to the PA08 mortality tables with an allowance for improvements in mortality in line with Continuous Mortality Investigation (CMI) 2020 projections, with long term improvement trends of 1.60% p.a. (males) and 1.60% p.a. (females). 71% of pensioners are assumed to be married at retirement, with males 3 years older than female spouses.

26. Investment risk disclosures

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to these risks because of the investments it makes to implement its investment strategy which is described in the Investment section of the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular reviews of the investment portfolio. Further information on the Trustee's approach to risk management and exposures to credit and market risks are set out below and applies at both the current and previous year end unless otherwise stated. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Fund but does include defined contribution assets.

Defined benefit section

Credit risk

Direct credit risk arises where the Fund directly invests in bonds and derivatives, holds insurance policies, cash and cash equivalents and enters into repurchase agreements. Credit risk also arises through the Fund's share of the GSK CIF where it holds cash and cash equivalents and invests in pooled investment vehicles. A summary of exposures to direct credit risk is given in the following table. The notes below explain how this risk is managed.

YEAR ENDED 31 DECEMBER 2023

Credit risk *(continued)*

	2023			2022		
	Investment grade £m	Unrated £m	Total £m	Investment grade £m	Unrated £m	Total £m
Investment in the GSK CIF	12.9	282.6	295.5	6.9	704.9	711.8
Bonds	1,647.1	-	1,647.1	1,297.8	-	1,297.8
Pooled investment vehicles	-	401.4	401.4	-	-	-
Insurance policies	-	336.1	336.1	-	340.6	340.6
Derivatives assets	65.9	-	65.9	125.2	-	125.2
Derivatives liabilities	(77.0)	-	(77.0)	(214.8)	-	(214.8)
Cash and cash equivalents	142.8	-	142.8	503.2	-	503.2
Repurchase and reverse repurchase agreements	(462.7)	-	(462.7)	(525.5)	-	(525.5)
Foreign exchange contracts	4.0	-	4.0	1.6	-	1.6
Total	1,333.0	1,020.1	2,353.1	1,194.4	1,045.5	2,239.9

Direct credit risk arising from directly held bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are primarily rated as investment grade. The Trustee manages this associated credit risk by requiring the investment manager to diversify the portfolio to minimise the impact of default by any one issuer.

Direct credit risk arising from the insurance policy is mitigated by holding collateral assets to back the policy and the regulatory environments in which the provider operates. The Trustee carried out due diligence checks on the appointment of the provider, and on an ongoing basis monitors any changes to the regulatory and operating environment of the insurance provider.

Derivative contracts are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The Trustee has policies as to the choice of counterparties for derivatives and the amount of concentration that it can have with any one counterparty which is determined by the credit quality of that institution. There are also limits on the types and value of collateral that are given or received for derivatives.

Cash and cash equivalents are held within financial institutions which are at least investment grade credit rated. Direct credit risk is further mitigated by limiting the amount of cash and cash equivalents that can be held with any one financial institution.

Direct credit risk on repurchase and reverse repurchase agreements is mitigated through collateral arrangements as disclosed in note 23 with the counterparty providing collateral of at least investment grade quality, in the case of default.

Bonds and collateral assets which are at least BBB- credit rated are considered investment grade. Credit risk is further mitigated by the Trustee through the selection process for managers and the setting and monitoring of risk limits for managers and counterparties.

YEAR ENDED 31 DECEMBER 2023

Credit risk *(continued)*

The GSK CIF's holdings in pooled investment vehicles are unquoted and therefore are not investment grade rated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled managers funds and the regulatory environments in which the pooled managers operate. The Trustee also carries out due diligence checks on the appointment of new pooled investment managers, carries out due diligence on an ongoing basis, and monitors any changes to the regulatory and operating environment of the pooled managers.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2023	2022
	£m	£m
Unit Linked insurance contracts	401.4	–

Indirect credit risk arises in the Fund's share of the GSK CIF in relation to multi asset pooled investment vehicles where underlying assets may include bond and credit assets and also in equity pooled investment vehicles where underlying investments may include fixed income securities and derivatives. Rental income from properties in the GSK CIF, whether held directly or through pooled investment vehicles, also introduces indirect credit risk.

Indirect credit risk within the GSK CIF is managed by constructing a diverse portfolio of investments across multiple markets and asset diversification by the investment managers.

Currency risk

Direct currency risk arises in the Fund's share of the GSK CIF where pooled investment vehicles are denominated in currencies other than sterling.

The Fund's total net unhedged currency exposure by major currency was as follows. The following note explains how the risk is managed.

Currency	2023	2022
	£m	£m
US Dollar	300.1	328.6
Euro	80.4	74.8
Others	0.5	0.5
Total	381.0	403.9

The Trustee manages currency risk through the implementation and regular monitoring of a neutral benchmark which sets out the preferred allocation of equity investments across different geographical locations and in some cases, invests in either currency hedged share classes of pooled funds or utilises currency hedging as part of segregated mandates.

YEAR ENDED 31 DECEMBER 2023

Currency risk *(continued)*

Indirect currency risk arises in the Fund and the Fund's share of the GSK CIF in relation to pooled investment vehicles (whether denominated in sterling or foreign currencies) where the underlying investments are made in overseas markets.

The Trustee manages currency risk through implementation and regular monitoring of a neutral benchmark which sets out the preferred allocation of its investments across different geographical locations.

Interest rate risk

Liability matching assets where investments are held in bonds, zero coupon interest rate swaps, insurance policies, repurchase agreements, cash and cash equivalents are exposed to direct interest rate risk. Interest rate risk also arises through the Fund's share of the GSK CIF where the GSK CIF holds cash and cash equivalents.

A summary of exposures to interest rate risk is given in the following table. The note below explains how this risk is managed.

	2023 £m	2022 £m
Investment in the GSK CIF	12.9	6.9
Bonds	1,647.1	1,297.8
Derivatives		
Zero coupon interest rate swaps	(67.2)	(192.1)
Credit default swaps	0.9	0.2
Total return swaps	6.0	-
Insurance policies	336.1	340.6
Cash and cash equivalents	142.8	503.2
Repurchase and reverse repurchase agreements	(462.7)	(525.5)
Total	1,615.9	1,431.1

The Trustee manages interest rate risk exposure by constructing a diverse portfolio of investments across multiple markets. The Trustee has set a benchmark for total investment in investment grade bonds, gilts, insurance policies and interest rate and inflation derivatives, as part of their LDI investment strategy. Under this strategy, if interest rates fall, the value of LDI investments will rise to help mitigate the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At the year end the LDI portfolio represented 68.3% of the total investment portfolio (2022: 66.5%).

YEAR ENDED 31 DECEMBER 2023

Interest rate risk *(continued)*

The Fund is exposed to interest rate risk through the bulk annuity policy held with PAC. Interest rates affect how future receipts from the policy are discounted and this impacts the value of the policy. However, movements in the value of the annuity policy asset match the value of the associated insured liabilities and therefore have no effect on the funding of the Fund. Therefore, this is not considered to be a risk at a Fund level.

Indirect interest rate risk arises in the Fund's equity portfolio and the Fund's share of the GSK CIF in relation to multi asset pooled investment vehicles where underlying assets may include bond and credit assets and equity pooled investment vehicles where underlying investments may include fixed income securities.

The Trustee manages indirect interest rate risk exposure by constructing a diverse portfolio of investments across multiple markets. The Trustee also aims to take into account indirect interest rate risk in the Fund and the GSK CIF through their liability matching asset strategy which includes assets such as index linked gilts, buy-in policies, corporate bonds, cash and cash equivalents and also through the hedging programme.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Other price risk arises through its return seeking portfolio which includes equities in pooled investment vehicles and Equity Total Return Swaps. It also has other price risk in relation to the Fund's share of the GSK CIF. The GSK CIF holds a proportion of the Fund's share of its return seeking portfolio through multi asset pooled investment vehicles and properties held directly and indirectly in the form of pooled investment vehicles.

The value of equities can be volatile especially in the short term. Properties are exposed to other price risks in relation to rental and sale values which are determined by the strength of the market and investment yields which can fluctuate due to investment demand. The value of property is generally a matter of the valuer's expert opinion, based on expected future rental returns, property indices, rather than fact. The value of pooled investment vehicles may be affected by the level of withdrawals from the funds and also by uncertainties such as international political developments, market sentiment and volatility, economic conditions, changes in government policies, restrictions on foreign investment and currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.

At the year end the return seeking portfolio represents 31.7% of the total investment portfolio, (2022: 33.5%). This does not include 4.6% notional exposure from synthetic equities.

Other price risk *(continued)*

A summary of exposures to other price risk is given in the following table. The notes below explain how this risk is managed.

	2023	2022
	£m	£m
Investment in the GSK CIF	337.2	759.5
Derivative assets – over the counter equity options	-	0.4
Derivative liabilities – over the counter equity options	-	(0.4)
Derivative assets – over the counter total return swaps	7.5	-
Derivative liabilities – over the counter total return swaps	(1.5)	-
Total	<u>343.2</u>	<u>759.5</u>

The Trustee manages other price risk exposure by constructing a diverse portfolio of investments across multiple markets. The Trustee aims to mitigate inflation risk, arising from the liability to pay future pension benefits, through investments in liability matching assets and through the hedging programme. The Trustee will also consider increasing hedging its equity risk from time to time.

The underlying risks relating to the investments held by the GSK CIF are dealt with in the GSK CIF's financial statements, which are appended to this document.

At the year end, and subsequent to the year end, there has been no restrictions imposed on the trading of any assets.

Defined contribution section

Investment strategy

The investment objective of the defined contribution section is to offer an appropriate range of investment options to members designed to generate income and capital growth, which together with new contributions from members and their employer, will provide a retirement amount with which the member can make their retirement decisions. The Statement of Investment Principles, (the "SIP") outlines the investment objectives for the defined contribution assets of the Fund.

The investment funds offered to members are a combination of underlying funds which are presented as "white label" funds by Legal & General Investment Management Limited ("L&G"). These are funds specifically created for the GSK Pension Fund and are invested in other funds available through the L&G platform but with more beneficial pricing arrangements. Nine such funds are available; UK Equity, Cash, Lifecycle, Global Equity, Overseas Equity, Targeting Annuity, Diversified Growth, Retirement Income, and Shariah.

The Trustee has an insurance contract in place with L&G that sets out guidelines for the underlying investments held by the funds. The day to day management of the underlying investments of the funds is the responsibility of the investment manager, including the direct management of credit and market risks.

Investment strategy *(continued)*

The Trustee monitors the underlying risks by quarterly investment reviews of the defined contribution funds. The risks disclosed here relate to the defined contribution section's investments as a whole. Members are able to choose their own investments from the range of funds offered by the Trustee and therefore may face a different profile of risks from their individual choices compared with the section as a whole.

	Credit	Currency	Interest	Other	2023	2022
	risk	risk	rate	price	£m	£m
			risk	risk		
LGIM GSK UK Equity Index	✓	x	x	✓	2.9	3.6
LGIM GSK Cash Fund	✓	x	✓	x	1.7	1.9
LGIM GSK Lifecycle Fund	✓	✓	✓	✓	27.7	30.8
LGIM GSK Targeting Annuity Fund *	✓	x	✓	✓	3.3	3.2
LGIM GSK Overseas Equity Index	✓	✓	x	✓	2.1	3.3
LGIM GSK Global Equity Index	✓	✓	x	✓	47.0	39.0
LGIM GSK Shariah Fund	✓	✓	x	✓	0.3	0.7
LGIM GSK Retirement Income	✓	✓	✓	✓	3.8	2.3
LGIM GSK Diversified Growth Fund **	✓	✓	✓	✓	-	-
Total					88.8	84.8

* In 2022, the LGIM Targeting Annuity Fund was known as LGIM Pre-retirement Inflation Linked Fund.

** The LGIM Diversified Growth Fund valuation as at 31 December 2023 was £35k (2022: £34k).

Credit risk

The defined contribution investments are subject to direct credit risk in relation to L&G through its holdings in unit linked insurance funds provided by the manager. L&G is regulated by the Financial Conduct Authority and maintains separate funds for their policy holders. The Trustee monitors the creditworthiness of the manager by reviewing published credit ratings. In the event of default, members may be entitled to limited compensation from the Financial Services Compensation Scheme.

The Fund's DC Section is also subject to indirect credit and market risk arising from the underlying investments held in the white label funds. Member level risk exposures will be dependent on the funds invested in by members.

All of the DC pooled investment vehicles are unit linked insurance contracts.

The Trustee only invests in funds where the financial instruments and all counterparties are at least investment grade.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

26. Investment risk disclosures *(continued)*

Market risk

The Fund's DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by LGIM. All of the DC funds are readily marketable, both at the year end, and subsequent to the year end.

27. Concentration of investments

The following investments amounted to more than 5% of the total net assets of the Fund:

	2023		2022	
	£m	%	£m	%
Defined benefit section				
Investment in GSK CIF	349.5	14.1	767.6	32.3
Insurance policy	336.1	13.6	340.6	14.3
LGIM MSCI World Low Carbon Target Index Fund	153.2	6.2	–	–
LGIM North America Equity Index Fund	148.6	6.0	–	–
LGIM Sterling Liquidity Fund	–	–	298.1	12.5

28. Employer related investments

The Occupational Pension Schemes (Investment) Regulations 2005 limit the total investment by a pension scheme in its sponsoring group to 5% of the scheme's total assets at market value.

There were no direct investments in the GSK Group at the year-end (2022: £nil). The Trustee recognises that indirect investment in the GSK Group is possible through holdings in pooled investment vehicles held by the Fund.

Based on information provided by the investment managers the Trustee believes that the indirect exposure at 31 December 2023 under the above regulations was £nil (2022: £nil) and on a full look through basis a reasonable estimate of the indirect exposure in pooled investment vehicles at 31 December 2023 was 0.01% (2022: 0.02%).

Furthermore, there was some indirect exposure within the GSK CIF which is disclosed within the GSK CIF Financial Statements. Overall, the Fund's total direct and indirect investment in the GSK Group at 31 December 2023 and 31 December 2022 was less than 5% of the Fund's net assets.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

29. Current assets

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Other debtors	–	0.1	0.1
Cash balances	2.3	0.1	2.4
	<u>2.3</u>	<u>0.2</u>	<u>2.5</u>

	2022		
	Defined benefit section £m	Defined contribution section £m	Total £m
Other debtors	–	1.1	1.1
Cash balances	3.3	0.1	3.4
	<u>3.3</u>	<u>1.2</u>	<u>4.5</u>

Within the defined contribution section, current assets of £0.2m (2022: £1.2m) are allocated to members.

30. Current liabilities

	2023		
	Defined benefit section £m	Defined contribution section £m	Total £m
Benefits payable	2.2	–	2.2
Accruals	2.0	–	2.0
Due to GSK Services Unlimited	1.2	–	1.2
	<u>5.4</u>	<u>–</u>	<u>5.4</u>

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

30. Current liabilities *(continued)*

	2022		
	Defined benefit section	Defined contribution section	Total
	£m	£m	£m
Benefits payable	2.0	0.2	2.2
Accruals	2.0	–	2.0
Due to GSK Services Unlimited	0.9	–	0.9
	<u>4.9</u>	<u>0.2</u>	<u>5.1</u>

All the current liabilities of DC section are allocated to members.

31. Related party transactions

The following related party transactions are disclosable:-

Key management personnel of the Fund

During the year the Fund paid a pension to one of the Trustee Directors (2022: one) and to a spouse/partner of one of the Trustee Directors (2022: one), who were members of the Fund during their employment with the GSK Group. Five of the Trustee Directors (2022: five) and three of the Trustee Directors' spouses/partners (2022: one) were also paid a pension from other connected GSK pension schemes relating to their employment with the GSK Group. These benefits were paid in accordance with the Trust Deed and Rules governing the relevant connected GSK pension scheme.

In addition, one Trustee Director (2022: one) received an unfunded pension direct from the GSK Group relating to their previous employment with the GSK Group and four Trustee Directors (2022: three) received remuneration and benefits from the GSK Group relating to their ongoing employment with the GSK Group during the year.

During the year fees totalling £0.1m (2022: £0.2m) were paid to eleven of the Trustee Directors (2022: seven) for their services as Trustee Directors. These fees are included within administrative expenses in note 9. In addition, eleven of the Trustee Directors (2022: seven) received fees from other connected GSK Pension Schemes for their services as Trustee Directors to those schemes. Fees paid have been disclosed in the individual GSK pension scheme financial statements, from where these transactions arise, as appropriate.

During the year other connected GSK Pension Schemes received pension contributions in respect of four Trustee Directors (2022: three) who were employees of the GSK Group.

31. Related party transactions *(continued)*

Other related parties

During the year the Fund was charged £4.5m (2022: £5.4m) by GlaxoSmithKline Services Unlimited for the costs incurred by the Company in administering the Fund.

At the year end £1.2m (2022: £0.9m) was due to the GlaxoSmithKline Services Unlimited in respect of costs paid on behalf of the Fund.

The Fund holds investments in the GSK CIF, in which it is a co-participant with the other GSK pension schemes. The value of the Fund's holding in the GSK CIF at 31 December 2023 is shown in note 20.

The Fund invests in the passively managed equity pooled investment vehicles, which are also invested in by are GSKPS and SBPP. The Fund does not have control of these funds but the three schemes together are the only investors of the funds.

At the year end, the audit fee, levy fees and administrative fees of Glaxo Wellcome Contracted-Out Money Purchase Scheme are borne fifty percent by GSK Pension Fund. This is an inter-company transaction and the fees have been disclosed in these Financial statements.

At the year end there was £0.05m receivable by the Fund from another connected Pension Plan, the GSK Pension Scheme (2022: £nil). This amount is included in the other debtors in note 29.

32. Contingent Liabilities - GMP Equalisation

The 2020 Actuarial valuation reports signed 25 March 2022, an allowance equal to 0.2% of the total pre-equalisation liabilities of the Fund has been provided for, as a reserve for the potential impact of the need to recalculate pension benefits for the unequal gender effects of the basis on which GMPs have always been calculated, within the value of the actuarial liabilities. This 0.2% allowance amounted to £7m as at 31 December 2020. This provision is not reflected in these financial statements.

The Trustee has reviewed, with its advisers, the implications of these rulings on the Fund. In November 2022, the Trustee began communications with the affected members with over 90% of members updated. This included increase in benefit totalling £0.1m and arrears of £1.4m for a total of 813 members. When the liability is quantified, the Trustee will consider the full impact on the financial reporting when complete which is expected to be in 2024. However, these rulings are not expected to result in a material GMP liability for the Fund.

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. An appeal date has been set for 25 June 2024. The Trustee's legal advisers have advised that in their view the High Court decision does not expose any new risks for pension schemes and that unless a particular query arises that requires an examination of deed execution, the Trustee is not currently obliged to investigate this further as a matter of course. Once the appeal has been heard and the decision of the Court of Appeal is available, there will be an opportunity for the Trustee to take advice on any next steps and potential impacts, if any, on the Fund.

GSK PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2023

33. Subsequent Events

On 27 September 2023, the GSK CIF submitted an instruction to redeem all the funds with Bridgewater. The total proceeds of £240.2m were redeemed to the GSK CIF on 17 January 2024 and kept as cash and cash equivalents until decision is made by the Trustee for reinvestments.

34. Contractual commitments

Apart from the contractual commitments within GSK CIF which are disclosed within the GSK CIF Financial statements, as at 31 December 2023, there are no contractual commitments in respect of uncalled capital on investments (2022 - £nil).