

**GSK PENSION SCHEME  
IMPLEMENTATION STATEMENT  
Year ended 31 DECEMBER 2023**

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**Introduction to the Implementation Statement**

This Implementation Statement has been produced in accordance with paragraph 30 of Schedule 3 of The Occupational and Personal Pension Schemes (Disclosure of Information) regulations 2013 and the associated guidance published by the Pensions Regulator.

To prepare this Implementation Statement the Trustee has reproduced a copy of the latest Statement of Investment Principles ('SIP'), and included accompanying commentary to set out how, and the extent to which, the SIP has been followed during the year to 31 December 2023.

The detail of the Implementation Statement is included in the highlighted boxes throughout the document, following the relevant SIP sections.

The Trustee can confirm that all policies in the SIP have been followed in the Scheme Year.

**Assessment of how the policies in the SIP have been followed for the year to 31 December 2023**

The information provided in the sections that follow, highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies.

The Trustee is responsible for the investment of the Scheme assets. The Trustee takes some decisions itself and delegates others (either directly or indirectly) to one of the following:

- **The Joint DC Committee of the GSK Schemes ("JDCC")**
- The JDCC is a sub-committee of the Trustee Board. The JDCC members include Trustee Directors from the Plan and discussions are referred back to the main Trustee Board for discussion and approval.
- **The Joint Investment Committee of the GSK Schemes ("JIC")**  
The JIC is a sub-committee of the Trustee Board. The JIC members include Trustee Directors from the Scheme and the main Trustee Board are kept informed of the investment decisions the JIC takes.
- **External parties such as Investment Advisers or Asset Managers**  
This facilitates professional, full-time management and oversight of the Scheme's investments.

**Review of the SIP**

**DC Section**

During the year, the Trustee reviewed the Scheme's SIP, taking formal advice from its Investment Consultant Mercer Limited ("Mercer"). A revised SIP was approved in October 2023 to reflect changes to the investment strategy and fund names.

**DB Section**

During the year, the Trustee reviewed the Scheme's SIP, taking formal advice from its Investment Advisor, Cardano Risk Management Limited. A revised SIP was approved in March 2023 with the following change being effected:

- Updates to wording and replacement of full asset allocation with broader terminology on investment strategy and principles

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**DC Section commentary**

**Statement of Investment Principles for the Defined Contribution Section – October 2023**

This Statement of Investment Principles (“SIP”) covers the Defined Contribution (“DC”) Section of the GSK Pension Scheme. It is set out in three parts:

- 1) Governance arrangements
- 2) Objectives and implementation of the DC Section
- 3) The Trustee's investment policies

The Scheme’s investment arrangements with respect to the DC Section are set out in this SIP. This SIP has been prepared after obtaining written professional advice from Mercer Limited (the “Investment Adviser”) which is regulated by the Financial Conduct Authority (“FCA”). The Trustee believes that the Investment Adviser meets the requirements of Section 35(5) of the Pensions Act 1995. The Trustee has also consulted with GSK (the “Principal Employer”) in forming this document.

For convenience, the Scheme’s SIP has been split into two documents. This document covers the Defined Contribution Section and there is a separate document covering the Defined Benefit (“DB”) Section titled the ‘*Statement of Investment Principles for the Defined Benefit Section – March 2023*’.

The Scheme is governed by its Trust Deed and Rules, which sets out all of the benefits in detail and specifies the Trustee’s investment powers. The investment powers do not conflict with the SIP. This SIP is also designed to fulfil the key objectives of the DC Code of Practice.

The Trustee believes that the Scheme’s investment policies and their implementation are in keeping with best practices, including the principles underlying the Pensions Regulator’s DC Code of Practice No 13.

**Securing compliance with the legal requirements about choosing investments**

Over the Scheme Year to 31 December 2023 there were updates to the investment strategy.

The Trustee carried out its triennial strategy review of the default investment arrangement during 2022, concluding in 2023 which resulted in the following changes:

1. The glidepath of the GSK Lifecycle Options (excluding the legacy pre-2014 strategy) was changed. Invested members more than 15 years to retirement are now fully invested in the GSK Global Equity Fund, with a gradual transition from the GSK Global Equity Fund to the GSK Lifecycle Fund between 15 to 10 years to retirement.
2. The ‘at-retirement’ allocation of the GSK Lifecycle Drawdown Option (the default strategy) was also changed, with a reduction in the GSK Cash Fund allocation from 25% to 10%, and a commensurate increase in the GSK Retirement Income Fund.
3. The name of the GSK Lifecycle Pension Option was changed to the ‘GSK Lifecycle Annuity Option’.
4. The name of the GSK Pre-Retirement Inflation Linked Fund was changed to the ‘GSK Targeting Annuity Fund’.
5. The GSK Global Equity Fund was made available as a self-select option.

Following these changes, the Trustee updated the SIP (October 2023) after obtaining written advice from Mercer and after consulting with the principal employer.

All changes agreed by the Trustee during the Scheme Year were implemented after obtaining written advice from Mercer.

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During the Scheme Year the Trustee also reviewed and updated Mercer’s Investment Consultant objectives. These objectives cover the following areas: investment strategy & monitoring, investment manager selection, implementation, ESG/climate change/stewardship, the Trustee’s Chair Statement, relationships and communication strategy.

**1. Governance Section**

The Trustee is responsible for the investment of the Scheme assets. The Trustee takes some decisions itself and delegates others (either directly or indirectly) to the Joint DC Committee (“JDCC”) or to external parties, such as investment advisers or asset managers.

When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to make an informed decision, as well as the Trustee’s ability to effectively execute the decision. The Trustee has established the following decision-making structure.

<p><b>Trustee</b></p> <ul style="list-style-type: none"> <li>• Set structures and processes for carrying out its role.</li> <li>• Determine (with assistance as required) the investment strategy.</li> <li>• Determine (with assistance as required) the climate change policy.</li> <li>• Monitor the JDCC and consider proposals made by the JDCC.</li> <li>• Select and monitor asset managers for the DC and AVC assets.</li> <li>• Select the DC and AVC investment options.</li> <li>• Select and monitor investment advisers.</li> </ul>	<p><b>JDCC</b></p> <ul style="list-style-type: none"> <li>• Review all aspects of the Scheme that relate directly to the DC arrangements, including investments, risk monitoring, education and operations.</li> <li>• Aid in the selection and monitoring of the investment advisers and asset managers for the DC pension schemes.</li> <li>• Assist the Trustee with setting the asset allocation of funds.</li> <li>• Set structures for implementing the climate change policy and make day to day decisions relevant to the operation of the climate change policy.</li> <li>• Require the asset managers to operate within the terms of this statement so far as practical.</li> </ul>
<p><b>Investment Advisers</b></p> <ul style="list-style-type: none"> <li>• Advise on all aspects of the investment of the Scheme assets, including ESG and implementation.</li> <li>• Advise on this statement.</li> <li>• Provide required training.</li> <li>• Advise the Trustee on suitability of the benchmarks used.</li> <li>• Provide assistance to the Trustee and JDCC in meeting their objectives.</li> </ul>	<p><b>Asset Managers</b></p> <ul style="list-style-type: none"> <li>• Operate within the terms of this statement and their written contracts.</li> <li>• Select the individual investments within their portfolios (e.g. individual stocks, bonds, derivatives, repos, etc as applicable) with regard to their suitability, including consideration of the impact on portfolio diversification.</li> </ul>

The Trustee confirms that the governance approach outlined above in Section 1 was operated throughout the year to 31 December 2023.

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## **2. Objectives and Implementation of the DC Section**

The JDCC recognises that members of the DC Section have differing investment needs, that these may change during the course of their working lives, and that they may have differing attitudes to risk. The JDCC regards its primary objective as making available a range of investment funds which enable members to tailor the strategy for their assets to their own needs. The JDCC believes that members should generally make their own investment decisions based on their individual circumstances. The JDCC also recognises that members may not believe themselves qualified to take investment decisions. As such, the Trustee makes available default options to members.

The Trustee confirms that the approach outlined in Section 2 was operated throughout the year to 31 December 2023. Specific details are included through this section:

### **Kinds of investments to be held**

The review of the default investment option was concluded in March 2023 with all changes implemented in May 2023. The next triennial review will commence within the three year period required by legislation.

The investments (fund type, management style and asset allocations) used in the default strategy were reviewed as part of this exercise. The target of the default investment arrangement was also reviewed, taking into account the demographics of the Scheme, projected pot sizes for members, how members have been taking their benefits at retirement as well as industry data.

### 2.1 Investment Objectives

In investing the assets of the Scheme in a prudent manner, the Trustee's objectives are as follows:

1. To provide an appropriate range of pooled investment funds that are intended to meet the varying investment needs and risk tolerances of members so they may satisfy the reasonable risk/return combinations appropriate for most Scheme members.
2. To select appropriate investment managers, unitised funds and/or insurance companies to manage each of the investment options.
3. To inform members about their investment options, particularly in relation to the potential risks and rewards of each option.
4. To provide an investment option to members who do not select their own investment options (and who are permitted under the Scheme's rules to exercise such a default).
5. To monitor and take advice on the suitability of the investment options provided.
6. To take appropriate advice from the Trustee's investment and legal advisers in order to make informed decisions.
7. To act in the interests of the membership of the Scheme as a whole.

### 2.2 Investment Strategy

The JDCC is responsible for reviewing all aspects of the Scheme that relate directly to the DC arrangements, including investments, risk monitoring, education and operations. Following such review, the JDCC may take action for the efficient and effective operation of the DC arrangements, although ultimately it has no power, except where this has been delegated by the Trustee from time to time.

The DC Section's investment objectives are implemented using a range of investment options including equity, diversified growth, bond and cash funds. Both active and passive management options are offered to members, depending on asset class. The current default lifecycle strategy, the GSK Lifecycle

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Drawdown Option, targets income drawdown and automatically switches members' funds from growth assets, such as global equity and diversified growth assets into assets with a lower risk and return, designed to reduce volatility whilst retaining exposure to growth assets. This lifecycle is the default investment arrangement offered to new members of the Scheme.

Two alternative lifecycles for members targeting the purchase of an inflation-linked annuity at retirement, GSK Lifecycle Annuity Option, and cash lump sums at retirement, GSK Lifecycle Cash Option are also available.

The GSK Lifecycle Annuity Option and the GSK Lifecycle (pre-2014) Options are legacy default investment options.

**Kinds of investments to be held (*continued*)**

The details of the types of investment referenced in the SIP are consistent with the fund range offered to members. The strategy remains consistent with this policy in the SIP.

The Trustee aims to make available a range of options which satisfy the needs of the majority of members and in doing so attempt to find an appropriate balance in the range and kind of investments offered to members to offer flexibility and choice, as well as simplicity and cost control.

The structures of all of the lifecycle options were chosen so as to try to deliver high levels of investment returns in the long term while providing some protection against changes in the amount of members' benefits as they approach retirement.

It is the Trustee's policy to provide suitable information for members so that they can make the appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment advisers.

**The balance between different kinds of investments**

The investments used as part of the default investment option are reviewed on a triennial basis. The review of the default investment option was concluded in March 2023 with all changes implemented in May 2023. The balance between different kinds of investment throughout the default strategy was considered as part of this review.

The JDCC, on behalf of the Trustee, monitors and considers the performance of investments on a regular basis through the consideration of the quarterly investment performance report, which details the risk and return of options within the Scheme. During the Scheme Year, four JDCC meetings were held, during with investment performance was discussed with the Trustee's Investment Advisers.

The Trustee hosts factsheets for each of the funds available to members on the Legal & General ("L&G") platform and publishes an annual summary performance report for members. This is to ensure that members are provided with suitable information by which to make decisions.

The Trustee periodically reviews the suitability of the options provided and from time to time will change or introduce additional investment funds as appropriate. Day-to-day management of the assets is delegated to professional investment managers via an investment platform.

Benefits in the DC Section are determined by the value of members' individual accounts at retirement. A member's retirement benefits depend on:

- the level of contributions made by the member or made on the member's behalf, including prior transfer values from other arrangements (if applicable);
- investment returns achieved (net of fees); and

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- where applicable, annuity terms prevailing at the time of the member’s retirement.

The Trustee has a reasonable expectation that the long-term return on the investment options that invest predominantly in equities should exceed price inflation and general salary growth. The long-term expected return on diversified growth assets is to achieve equity-like returns, with less volatility than equities. The long-term returns on the bond and cash options are expected to be lower than those on the predominantly equity options. However, bond funds are expected to help reduce volatility in relation to the price of annuities giving some protection in the amount of secured pension for members closer to retirement.

Clearly the bonds themselves will not provide a hedge against changes in the demographic assumptions insurers use to price annuity contracts. Cash funds are expected to provide protection against changes in short-term capital values and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

**Expected return on investments**

The Trustee monitors the performance of the funds against their stated objectives and benchmarks on a quarterly basis. The Investment Adviser’s performance report also highlights any changes to the Investment Adviser’s manager research rating.

The performance report was updated during the Scheme Year to include monitoring of example member investment journeys at different ages, as well as a performance comparison against alternative ‘off-the-shelf’ default strategies.

The de-risking phases of the Lifecycle Options are reviewed against their relative target outcomes as a means of assessing their performance relative to members’ buying power of their chosen retirement target.

The JDCC will meet with any fund manager that is struggling to meet its investment objectives, and review whether continued investment is appropriate. No mandates were removed during the Scheme Year.

**2.3 Risk Measurement and Management**

The Trustee regards “risk” as the likelihood of failing to achieve the objectives and policies detailed above and seeks to minimise these risks, in so far as is possible. The Trustee recognises the key risk is that members will have insufficient savings for retirement or savings that do not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Scheme. The Trustee’s policy in respect of risk measurement methods and risk management processes is set out in this section.

The Trustee has considered risk from a number of perspectives in relation to the DC Section, including the default options. The list below is not exhaustive, but covers the main risks considered by the Trustee to be financially material in formulating the policy regarding both the default investment options and alternative offerings to members.

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that returns over members’ working lives do not keep pace with inflation.	The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	

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Type of Risk	Risk	Description	How is the risk monitored and managed?
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	Members are able to set their own investment allocations, in line with their risk tolerances. During the growth phase of the default options, members are invested in an allocation which is expected to grow their pension savings in excess of inflation.
	Equity, property and other price risk	The risk that market movements lead to a substantial reduction in the value of a member's savings.	Within active funds, management of many of these market risks is delegated to the asset manager(s). The JDCC considers fund performance, including that of the default investment options, on a quarterly basis.
	Capital	The risk that the monetary value of a member's account falls.	The Trustee's objective is to provide investment options [with appropriate risk characteristics].
	Liquidity risk	The risk that the Scheme's assets cannot be realised at short notice in line with member demand.	The Scheme is invested in daily dealt and daily priced pooled funds via an insurance policy with Legal and General. Asset managers are expected to manage the liquidity of assets in the underlying strategies and keep exposures to any illiquid assets to prudent levels.
	Asset Manager risk	The risk that the appointed asset managers do not meet their fund performance objectives, fail to carry out operational tasks, do not ensure safe-keeping of assets or breach agreed guidelines.	The Trustee considers fund returns relative to the benchmark. This is monitored on a quarterly basis. The Trustee considers the Investment Adviser's rating of the investment managers on an ongoing basis, monitors the Scheme's active funds against a robust framework.

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Type of Risk	Risk	Description	How is the risk monitored and managed?
Pension Conversion risk		The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	<p>The Trustee makes available lifestyle strategies for DC members.</p> <p>Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.</p> <p>Members can select a lifestyle strategy in accordance with their personal preferences and retirement objectives.</p>
Environmental, Social and Corporate Governance (“ESG”) risk		The risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme’s assets.	<p>The management of this risk has been considered and asset managers are expected to integrate this into their processes.</p> <p>The Trustee reviews the asset managers’ policies and actions in relation to this from time to time.</p> <p>The Trustee policy on Responsible Investment and Corporate Governance is set out in Section 3.1.</p>
Operational risk		The risk of fraud, ineffective governance structure, poor advice or acts of negligence in the operation of the Scheme.	<p>The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.</p> <p>The Trustee reviews the Scheme risk dashboard on a quarterly basis to ensure risks are identified and adequate controls are in place to ensure the effective running of the Scheme including areas such as the effectiveness of the committee, communications and adequate provisions in place with service providers as well as a number of the other risks previously listed.</p>



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**Risks, including the ways in which risks are to be measured and managed**

As detailed in the risk table above, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation and the choice of fund managers, funds and asset classes.

The Trustee provides a range of investment options (including three lifestyle strategies) which enable members to reflect in their selection of funds the level of risk they wish to take in light of their own individual circumstances. In member-facing communications the Trustee highlights a number of risks that a member may face as a result of investing in any particular fund.

ESG risk was also managed throughout the year, with considerations given to the climate-related disclosures as requested by the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations. During the Scheme Year, the 2023 TCFD Report was published, and work is underway on the 2024 TCFD Report.

The Trustee also reviews the quarterly investment reports, which monitor the volatility of the investment strategy. The risk associated with China/Taiwan exposures was monitored early in the year. During the year the Trustee also added additional monitoring within the performance report to highlight the impact of performance on the savings of example “strawperson” members at different time horizons from retirement.

The Scheme operates a risk management framework and as part of this framework the Scheme maintains a register of the key risks, including investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. During the Scheme Year, the Trustee continued to develop and implement its risk management framework, considering enhanced risk management information, integrated risk reporting, an updated risk register and associated controls monitoring plans during its quarterly meetings.

The Trustee considers these risks to be applicable across the lifetime of a member’s time within the DC Section of the Scheme.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. Some aspects of the risks may be modelled explicitly.

In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the asset managers that may impact their ability to meet the performance targets set by the Trustee.

The Trustee has established a risk register and monitors risks in accordance with this.

### **3. The Trustee’s Investment Policies**

#### **3.1 General Investment Policy (including ESG and Stewardship)**

The Trustee and the JDCC expect the underlying asset managers to manage the assets under the terms of their respective contracts. In addition, asset managers pay commissions to third parties on many trades they undertake in the management of the assets.

For the DC section, the majority of the fund range offered to members is accessed through a platform provided by Legal & General Assurance (Pensions Management) Limited (“L&G”). The Trustee accesses the platform via a long-term insurance contract with L&G. L&G operates within the terms of this Statement and the written contract. The Trustee reviews the liquidity of the funds offered to members to ensure that assets are readily realisable.

The Trustee considers sustainable investment to be the integration of environmental, social and governance factors into investment decisions. The Trustee believes that environmental, social and governance (‘ESG’) factors may have a material impact on investment risk and return outcomes, and that

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good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee aims to be an engaged and responsible long-term investor in the assets and markets in which it invests directly or indirectly. The Trustee believes that the integration of ESG factors within asset managers' investment processes may have the ability to have a positive impact on the risk and the sustainable long-term expected returns from the Scheme's investments.

**Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments**

The investment performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific to ESG requirements) from the Investment Adviser. All of the managers remained highly rated during the Scheme Year. The Trustee monitors long-term performance and ESG ratings for current investment managers and considers this information when selecting new investment managers.

The Trustee continues to monitor and engage with managers as part of regular update meetings held with them to discuss topics of interest. One of the DC Section's key investment managers, Legal & General Investment Management (LGIM), attended the JDCC's meeting in November 2023 to discuss performance and operational matters. The Trustee remains satisfied with LGIM's appointment.

The Trustee expects the underlying managers to evaluate ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

**The exercise of the rights (including voting rights) attaching to the investments**

The Trustee delegates the exercise of voting rights associated with investments to the underlying Asset Managers, and review this annually.

The following funds contain an allocation to equities:

- LGIM - UK Equity Index
- LGIM – Future World UK Equity Index
- LGIM - World (ex-UK) Developed Equity Index
- LGIM - Future World Developed (ex UK) Equity Index Fund
- LGIM - World (ex-UK) Developed Equity Index (Currency Hedged)
- LGIM - Future World Developed (ex UK) Equity Index Fund – GBP Hedged
- LGIM - World Emerging Markets Equity Index
- LGIM - Future World Emerging Markets Equity Index Fund
- LGIM – Global Developed Small Cap Index Fund
- LGIM - Diversified Return
- Nordea - Diversified Return
- Fulcrum – Diversified Absolute Return
- Man Group – Alternative Style Risk Premia
- HSBC – Islamic Global Equity

The voting records of the Asset Managers are summarised in Appendix A.

Particular focus is placed on LGIM as they hold the most significant equity mandates in the Scheme. The examples shown in Appendix B demonstrate examples of significant votes cast by the Scheme's Asset Managers where voting rights have been used to influence change with regard to ESG-related issues.

The Trustee has also considered which areas would constitute 'significant' when it comes to company engagement by their fund managers. More information regarding this is included with the voting activity in the Appendix.

**Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant**

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**matters)**

The Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourages its Asset Managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.

Where the Scheme invests in pooled funds, the Trustee requires its Asset Managers to engage with the investee companies on the Trustee's behalf.

All managers of funds within the DC Section of the Scheme are signatories of the UK Stewardship Code 2020 (i.e. LGIM, Fulcrum, Nordea, Man Group and HSBC).

Most recently, the JDCC reviewed the carbon metrics of their funds at the November 2023 JDCC meeting, as part of work in respect of the 2024 TCFD report.

The Trustee regularly meets with its Asset Managers and may challenge managers about relevant matters. The Trustee is looking to enhance its reporting on manager engagement going forward.

The Trustee does not wish to interfere with the day-to-day investment decisions of its investment managers. The Trustee reviews the compliance of managers against the UK Stewardship Code on an annual basis and engages with managers who are not aligned with best practice standards.

3.1.1 - Climate change

The Trustee has set out its policy relating to the governance of climate related risks in a separate document, the TCFD Report. The Trustee included its climate change targets and portfolio metrics in the TCFD Report.

The Trustee supports the principle of good corporate governance and shareholder activism and, for relevant mandates, prefers its investment managers to have an explicit strategy, outlining the circumstances in which they will engage with a company (or issuer of debt or stakeholder, if applicable) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance) and how they will measure the effectiveness of this strategy. The Trustee reviews regularly the voting strategy of its investment managers.

3.1.2 - Arrangements with Asset Managers - Policy

The Trustee believes that an understanding of, and engagement with, asset managers' arrangements is required to ensure they are aligned with the Trustee's policy, including its Sustainable Investment policy. In accordance with latest regulation, it is the Trustee's policy to ensure that the following are understood and monitored:

- How asset manager arrangements incentivise asset managers to align their strategy and decisions with the Trustee's policies;

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**How the arrangement with the Asset Manager incentivises the Asset Manager to align its investment strategy and decisions with the Trustee’s policies**

The section below, titled “Arrangements with Asset Managers – Implementation” provides further information on the implementation of these policies.

The Trustee will review an appointment if the investment objective for an underlying manager’s fund changes to ensure it remains appropriate and consistent with the Trustee’s wider investment objectives.

Over the year no mandates were terminated due to performance concerns or as a result of changes in underlying targets.

Previously the Trustee has terminated appointments where the managers were not meeting long-term performance targets.

The JDCC, on behalf of the Trustee, met with LGIM in November 2023 to discuss investment performance, objectives and operational matters around its fund management. The Trustee remains comfortable with the appointment of LGIM as an Asset Manager for the Scheme.

- How asset manager arrangements incentivise asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term;

**How the arrangement incentivises the Asset Manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term**

The section below, titled “Arrangements with Asset Managers – Implementation” provides further information on the implementation of these policies.

At fund manager monitoring meetings, the JDCC asks Asset Managers to incorporate a section on investment decisions taken over the recent period and their forward-looking assessment of market conditions.

This also covers examples of financial and non-financial considerations around investments where the managers are expected to take into account the impact of these considerations into the forward-looking assessment on the performance of an issuer of debt or equity.

No further action was taken by the JDCC or Trustee over the period covered by this statement.

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- How the method (and time horizon) of the evaluation of asset managers' performance and their remuneration are in line with the Trustee's policies;

**How the method (and time horizon) of the evaluation of the Asset Manager's performance and the remuneration for asset management services are in line with the Trustee's policies**

The section below, titled "Arrangements with Asset Managers – Implementation" provides further information on the implementation of these policies. At fund manager monitoring meetings, the JDCC asks Asset Managers to incorporate a section on how ESG issues are integrated into their strategies in presentations when updates are provided, or when managers are appointed. This can include a section on voting, engagement and the methods in which ESG is integrated.

If the JDCC is not satisfied with the progress that managers have made then further action or information would be sought from managers. If no further progress was to be made, the JDCC and the Trustee would consider whether retaining the mandate is appropriate.

The Trustee has successfully challenged managers to increase their disclosure following the outcome of Stewardship Code assessments, which has led to positive results in prior years.

From the information delivered over the year, the JDCC is satisfied with the progress of the managers in relation to ESG matters and no further action was taken over the period covered by this statement.

Over the year to 31 December 2023, the Trustee reviewed the performance of the Scheme's investment managers on a quarterly basis. These reviews consider the performance of the funds against their stated aims, objectives and policies. The Trustee's focus is on long term performance but they may review an underlying investment manager's appointment under certain circumstances. The Trustee reviews the investment manager fees as part of the annual Value for Members assessment.

- Portfolio turnover costs incurred by the asset managers, in the context of the asset manager's targeted portfolio turnover (defined as the frequency within which the assets are expected to be bought or sold);

**How the Trustee monitors portfolio turnover costs incurred by the Asset Manager, and how it defines and monitors targeted portfolio turnover or turnover range**

The section below, titled "Arrangements with Asset Managers – Implementation" provides further information on the implementation of these policies.

The Trustee considers the level of transaction costs as part of its annual Value for Members assessment, last carried out as at 31 December 2023 and by publishing this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement.

As the Scheme invests through pooled funds, the Trustee is unable to define target portfolio turnover ranges for funds. However, it will engage with an underlying investment manager if portfolio turnover is higher than expected.

- Duration of the arrangement with the asset manager;

**The duration of the arrangement with the Asset Manager**

The section below, titled "Arrangements with Asset Managers – Implementation" provides further information on the implementation of these policies.

There were no terminations over this year of arrangements within the main DC Section of the Scheme. The JDCC continues to monitor the performance of the managers against their appointed mandates to ensure that they remain

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appropriate as part of the Lifecycle or self-select range.

The focus of performance assessments is based on longer term outcomes so the Trustee would not ordinarily expect to terminate an underlying manager based purely on short term performance.

3.1.1 - Arrangements with Asset Managers – Implementation

The Trustee through delegation to the JDCC considers their investment adviser's assessment of how each asset manager embeds ESG into its investment process and how the asset manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes consideration of the underlying asset managers' policy on voting and engagement and compliance with the Stewardship Code.

The Trustee will use this assessment as part of their considerations when taking decisions around selection, retention and realisation of asset manager appointments.

The underlying 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. As such, the Trustee believes this creates alignment between the asset managers and themselves.

Consequently, if the Trustee is dissatisfied, then they will look to replace the manager. If the investment objective for a particular asset manager's fund changes, the Trustee will review the appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

The JDCC meets with underlying asset managers annually and receives updates from the managers on their ESG policies and engagement activity. Where needed the JDCC, on behalf of 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 ensure continuing improvement over the medium to long term in the performance of assets from both a financial and non-financial perspective.

The JDCC receives and considers performance reports from their investment advisers on a quarterly basis, which present performance information for the funds over three months, one year, three years, five years, and since inception. The JDCC reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net-of-fees basis. Whilst the JDCC and the Trustee's focus is on long-term performance, they also take shorter-term performance into account.

If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustee may review the suitability of the manager, and change the manager where required. As managers are remunerated based on the level of assets managed, there is a direct interest for asset managers to perform in line with objectives in order to retain mandates and continue to receive compensation on an ongoing basis.

The Trustee does not currently define target portfolio turnover ranges for asset managers, particularly as the Trustee uses pooled funds, however, the JDCC will engage with an asset manager, on behalf of the Trustee, if portfolio turnover is higher than expected. The JDCC considers portfolio turnover costs indirectly through consideration of trading costs incurred throughout the year for a fund, provided within transaction cost data the Trustee receives annually, and is considered as part of the annual Value for Members assessment.

All the funds used within the DC Section are open-ended, with no set end date for the arrangements. The Default Lifecycle Strategy, alternative lifecycle strategies and the self-select fund range are reviewed on at least a triennial basis. An underlying manager's appointment may be terminated if it is no longer considered to be optimal, nor have a place in the lifecycle strategies or self-select fund range.

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The policies detailed in this section apply across the range of investment options made available to members including the default investment arrangement, legacy default investment arrangements, the alternative GSK Lifecycle options and the self-select GSK investment fund range.

The Trustee confirms that the investment policies outlined in Section 3 were followed throughout the year to 31 December 2023.

The Trustee did not seek member views in forming their initial approach around ESG, stewardship, climate change and non-financial matters within the Scheme's investments. Since adopting their current approach, the Trustee has sought member views and will continue to seek these views from time to time and will use these to inform decisions regarding the development of the Trustee's policy in the future. The Trustee will continue to review this policy regularly to ensure that the policy is appropriate for the Scheme's membership.

**The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments**

There were no non-financial matters directly considered during the reporting period.

Assets are mainly invested on regulated markets. Some funds may have exposure to securities not on regulated markets. The Trustee expects that asset managers will monitor these and keep these to prudent levels.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

The Trustee has appointed investment advisers. The advisers operate under agreements to provide services which ensures the Trustee and JDCC are fully briefed to take decisions themselves and to monitor those they delegate.

The members can invest in a range of fund options. It is the Trustee's policy to consider:

- The risks and rewards of a range of different asset allocation strategies.
- The suitability of each asset class in the lifecycle strategies.
- The suitability of the possible styles of investment management and the option of manager diversification for members.
- The need for appropriate diversification both across asset classes and within asset classes.
- The liquidity of the funds offered to members to ensure that assets are readily realisable.

**Realisation of Investments**

The Trustee receives an administration report on a quarterly basis to ensure that core financial transactions are processed within service level agreements (SLAs) and regulatory timelines.

All funds are daily dealt pooled investment vehicles, accessed by an insurance contract. This ensures the assets are readily realisable.

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**3.2. Policy in Relation to the Default Investment Option**

**3.2.1 The Scheme's Default Options**

The GSK Lifecycle Drawdown Option is the current default investment option for the Scheme as this is the investment option that members' contributions are directed to if they do not make an investment decision. Over the years prior to retirement, the current default investment option de-risks to an asset allocation designed to be appropriate for a typical member who intends to access their benefits via income drawdown at retirement.

In addition, the Scheme has two legacy default funds where some members' accrued funds and contributions were previously automatically directed. These are the GSK Lifecycle (pre-2014) Option and the GSK Lifecycle Annuity Option. The current default investment option is a default arrangement for the purposes of auto-enrolment.

Some members will actively choose the current default investment option because they feel it is the most appropriate for them. However, the vast majority of members are invested in the current default investment option as they have not made an active investment decision.

Until June 2014, the default investment option was the GSK Lifecycle (pre-2014) Option a legacy default investment option. When the GSK Lifecycle Annuity Option (formerly called the GSK Lifecycle Pension Option) was implemented as the default investment option for the Scheme in June 2014, members with 10 years or more to their selected retirement date were moved to the GSK Lifecycle Annuity Option. Members with less than 10 years until their selected retirement date (as at 1 June 2014) continue to be invested in the GSK Lifecycle (pre-2014) Option legacy default investment option, unless they have made an alternative investment choice.

The GSK Lifecycle Drawdown Option was implemented as the default investment option in July 2021. At that time, members with more than three years to their selected retirement date (as at 1 July 2021) and who were invested in the GSK Lifecycle Annuity Option were moved to the GSK Lifecycle Drawdown Option. Members at that time with three years or less to their selected retirement date (as at 1 July 2021) and invested in the GSK Lifecycle Annuity Option continue to be invested in the GSK Lifecycle Annuity Option, unless they have made an alternative investment choice.

The current default investment option (the GSK Lifecycle Drawdown Option) is made up of three phases:

1. 100% allocation to the GSK Global Equity Fund for members more than 15 years from their Target Retirement Date. This is known as the "growth phase".
2. The funds will gradually switch such that there is a 100% allocation to the GSK Lifecycle Fund at 10 years to the Target Retirement Date. This is known as the "consolidation phase".
3. When members reach 5 years from their Target Retirement Date, they will gradually be switched to the GSK Retirement Income Fund and GSK Cash Fund (according to the table below), in order to prepare the member for income drawdown. This is known as the "pre-retirement phase".

Years to Retirement Date	GSK Global Equity Fund	GSK Lifecycle Fund	GSK Retirement Income Fund	GSK Cash Fund
15+	100%	0%	0%	0%
14	80%	20%	0%	0%
13	60%	40%	0%	0%
12	40%	60%	0%	0%
11	20%	80%	0%	0%
5 - 10	0%	100%	0%	0%
4	0%	80%	20%	0%
3	0%	60%	40%	0%



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2	0%	40%	57%	3%
1	0%	20%	74%	6%
0	0%	0%	90%	10%

**3.2.2 Legacy Default Options**

The GSK Lifecycle Annuity Option (a legacy default option) is made up of three phases:

1. Identical to the “growth phase” referenced above.
2. Identical to the “consolidation phase” above.
3. When members reach 5 years from their Target Retirement Date, they will gradually be switched to the GSK Targeting Annuity Fund and GSK Cash Fund (according to the table below), in order to prepare the member for annuity purchase. This is known as the “pre-retirement phase”.

Years to Retirement Date	GSK Global Equity Fund	GSK Lifecycle Fund	GSK Targeting Annuity Fund	GSK Cash Fund
15+	100%	0%	0%	0%
14	80%	20%	0%	0%
13	60%	40%	0%	0%
12	40%	60%	0%	0%
11	20%	80%	0%	0%
5 - 10	0%	100%	0%	0%
4	0%	80%	20%	0%
3	0%	60%	40%	0%
2	0%	40%	52%	8%
1	0%	20%	64%	16%
0	0%	0%	75%	25%

The GSK Lifecycle (pre-2014) Option (a legacy default option) comprises a 100% allocation to the GSK Global Equity Index Fund until the member is 10 years from their normal retirement date or their selected retirement date, in order to build up their account. This is known as the “growth phase”. During the 10 years up to this date, the member’s account will gradually be switched to the GSK Targeting Annuity Fund and GSK Cash Fund (according to the table below), in order to protect the value of their account. This is known as the “pre-retirement phase”.

Years to Retirement Date	GSK Global Equity Index Fund	GSK Targeting Annuity Fund	GSK Cash Fund
10+	100%	0%	0%
9	90%	7.5%	2.5%
8	80%	15%	5%
7	70%	22.5%	7.5%
6	60%	30%	10%
5	50%	37.5%	12.5%
4	40%	45%	15%
3	30%	52.5%	17.5%

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2	20%	60%	20%
1	10%	67.5%	22.5%
0	0%	75%	25%

**3.2.3 - The aims of the default**

The aims of the current and legacy default investment options, and the ways in which the Trustee's seek to achieve these aims are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

*The GSK Lifecycle Drawdown Option (current default) and GSK Lifecycle Annuity Option's (legacy default) growth phase invests in equities and other growth-seeking assets (through an absolute return/diversified growth fund). These investments are expected to provide equity-like growth over the long term with some downside protection and some protection against inflation erosion. The growth phase of the GSK Lifecycle (pre-2014) Option (legacy default) invests in equities alone. These investments are expected to provide growth over the long term and some protection against inflation erosion. The GSK Lifecycle (pre-2014) Option (legacy default) de-risks out of equities sooner, to account for the fact that equities can be subject to downside risk, and because it does not have a "consolidation phase".*

- To provide a strategy that reduces investment risk for members as they approach retirement.

*As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a default strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustee believes the primary aim should be to provide protection against a mismatch between asset risk factors and the expected uses of retirement benefits.*

*The Trustee considers the level of risk within the GSK Lifecycle Drawdown Option (current default) in the context of the need to maintain an expected risk and return suitable for income drawdown. The Trustee reduces investment risk via automated lifestyle switches over the five year period to a member's selected retirement date. Investments are switched firstly into the GSK Retirement Income Fund, which invests in a diversified mix of assets to provide an appropriate expected risk and return for income drawdown. In the years leading up to retirement, an allocation to a cash fund is introduced for capital preservation purposes, and to allow members to take a pension commencement lump sum.*

*The Trustee considers the level of risk within the GSK Lifecycle Annuity Option (legacy default) and the GSK Lifecycle (pre-2014) Option (legacy default) in the context of the variability of returns relative to annuity prices and cash rates. The aims of the legacy default investment option are achieved via automated lifestyle switches over the ten year period to a member's selected retirement date for the GSK Lifecycle (pre-2014) Option (legacy default) and the five year period for GSK Lifecycle Annuity Option (legacy default). Investments are switched firstly into the GSK Targeting Annuity Fund, which invests in a mix of UK government bonds and investment grade corporate bonds to broadly match short term changes in the price of inflation -linked annuities. In the years leading up to retirement, an allocation to a cash fund is introduced for capital preservation purposes, and to allow members to take a pension commencement lump sum.*

- For the GSK Lifecycle Drawdown Option (current default), to provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to take their benefits via income drawdown.

*At the member's selected retirement date, member's assets will be invested in a combination of the GSK Retirement Income Fund and a money market fund.*

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- For the GSK Lifecycle Annuity Option (legacy default) and the GSK Lifecycle (pre-2014) options (legacy default), to provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to take their benefits via an inflation-linked pension at retirement.

*At the member's selected retirement date, within the GSK Lifecycle Annuity Option (legacy default), the member's assets will be invested in a combination of the GSK Targeting Annuity Fund and a money market fund.*

The Trustee's policies in relation to the current and legacy default investment options are detailed below:

- The GSK Lifecycle Drawdown Option (current default) and GSK Lifecycle Annuity Option (legacy default) manage investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. The GSK Lifecycle (pre-2014) Option (legacy default), manages investment risks through a diversified strategic asset allocation consisting of traditional assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default options, the Trustee has explicitly considered the trade-off between risk and expected returns. In particular, when reviewing the investment strategy of the default investment options, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment options. For the legacy default investment options, the Trustee also carefully considered the risk of moving members' assets into the current default investment option and viewed it not to be in the best interests of those members.
- Assets in the current and legacy default investment options are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee considered high-level profiling analysis of the Scheme's membership in order to inform decisions regarding the current and legacy default investment options. Based on this understanding of the membership, the current default investment option target of income drawdown at retirement is considered appropriate. Members invested in the legacy default investment options, which target the purchase of an annuity at retirement, is also considered appropriate.
- Members are supported by clear communications regarding the aims of the current and legacy default investment options and the access to alternative investment approaches. If members wish to, they can opt to choose an alternative lifecycle option or their own investment strategy on joining, but also at any other future date. Moreover, members do not have to take their retirement benefits in line with those targeted by the default investment options; the target benefits are merely used to determine the investment strategy held pre-retirement.
- Assets in the current and legacy default investment options are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The safe custody of the Scheme's assets is delegated to professional custodians, as appointed by the governing bodies of the respective pooled funds.

Taking into account the demographics of the Scheme's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current and legacy default investment options are appropriate and will continue to review this overtime, at least triennially, or after significant changes to the Scheme's demographic, if sooner.

Prior to mapping members' investments from the legacy default investment option to the current default investment option, the Trustee took appropriate investment advice and considered this option to be suitable for members in order to keep them in a similar type of investment arrangement as they were in previously and taking account of the demographics of the members invested in the legacy default investment option. The Total Expense Ratios ("TERs"), which is the cost associated with the managing and operating of the funds, are below the charge cap legislation requirement of 0.75% p.a. that applies

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to default investment options.

The Trustee considered high level profiling analysis of the Plan's membership in order to inform decisions regarding the default investment options. Based on this understanding of the membership and investment advice, the Trustee considers that the default investment options are appropriate to ensure that assets are invested in the best interests of relevant individuals.

### 3.3 Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to an asset manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' DC contributions and AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the asset manager(s).

The selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds. Likewise, the investment managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and subsequent legislation) and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the asset managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The policy for the Scheme's Defined Contribution assets which are classified as direct investments are set out in this statement.

The Trustee confirms that the investment policies outlined in Section 3.2 and 3.3 were followed throughout the year to 31 December 2023.

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**4. Supplementary information to the SIP**

There is further information contained in the document titled '*Statement of Investment Principles for the Defined Contribution Section - October 2022*' on the following:

- Defined Contribution (DC) Asset manager summary
- Defined Benefit and Defined Contribution Section: Additional Voluntary Contribution (AVC) Asset Manager Summary
- Fee Structures for Asset Managers and Advisers

**5. Compliance with this statement**

The Trustee will review this SIP at least every 3 years and as soon as practicable following a significant change in investment strategy. The Trustee will take investment advice and consult with the Employer over any changes to the SIP.

As noted earlier in this Statement, the SIP was reviewed during the year and was approved in October 2023, reflecting updates to the Lifecycle Options and fund name changes. The SIP is reviewed on an annual basis.

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## **DB Section commentary**

### **Statement of Investment Principles for the Defined Benefit Section - March 2023**

This Statement of Investment Principles (“SIP”) covers the Defined Benefit (“DB”) Section of the Scheme. It is set out in three parts:

- 1) Governance arrangements
- 2) Objectives, strategy and implementation of the DB Section
- 3) The Trustee's investment policies.

The Scheme’s investment arrangements with respect to the DB Section are set out in this SIP. This SIP has been prepared after obtaining written professional advice from Cardano Risk Management Limited (the “Investment Adviser”) which is regulated by the Financial Conduct Authority (“FCA”). The Trustee believes that the Investment Adviser meets the requirements of Section 35 (5) of the Pensions Act 1995. The Trustee has also consulted with GSK (the “Principal Employer”) in forming this document.

For convenience, the Scheme’s SIP has been split into two documents. This document covers the DB Section and there is a separate document covering the Defined Contribution (“DC”) Section, title the ‘*Statement of Investment Principles for the Defined Contribution Section – October 2023*’.

The Scheme is governed by its Trust Deed and Rules which sets out all of the benefits in detail and specifies the Trustee’s investment powers. The investment powers do not conflict with the SIP.

#### **Securing compliance with the legal requirements about choosing investments**

Over the Scheme year to 31 December 2023 the following major changes were made to the investment strategy:

- As part of discussions on the Scheme's collateral framework and liquidity needs, it was agreed to implement synthetic equity (alongside physical equity) within the target strategy.
- Over the year, the credit allocation was increased towards the target allocation, and it was agreed to replace hedged equity as an asset class with unhedged equity.
- A full disinvestment from one of the Scheme's multi-strategy mandates was instructed late in 2023, with proceeds received after the Scheme year end.

On each of these changes, written advice was provided by the Scheme’s Investment Adviser prior to the decision being made.

Note that the Scheme's Investment Adviser was changed over the period. As at 31 December 2023, the new Investment Adviser is working with the Trustee to review the investment strategy with the potential to make changes in 2024.

## **1. Governance Arrangements**

The Trustee is responsible for the investment of the Scheme assets. The Trustee takes some decisions itself and delegates others (either directly or indirectly) to the Joint Investment Committee (“JIC”) or to external parties such as investment advisers or asset managers.

When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to make an informed decision, as well as the Trustee’s ability to effectively execute the decision. The Trustee has established the following decision making structure.

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<p><b>Trustee</b></p> <ul style="list-style-type: none"> <li>• Set structures and processes for carrying out its role.</li> <li>• Determine (with assistance as required) the investment strategy, hedging strategy and insurance solutions.</li> <li>• Determine (with assistance as required) the climate change policy.</li> <li>• Monitor the JIC and consider proposals made by the JIC.</li> <li>• Review the Scheme's participation in the CIF.</li> <li>• Select and monitor asset managers of the AVC assets.</li> <li>• Select the AVC investment options.</li> <li>• Select and monitor investment advisers.</li> </ul>	<p><b>JIC</b></p> <ul style="list-style-type: none"> <li>• Select and monitor investment advisers and asset managers for the DB pension schemes.</li> <li>• Assist the CIF in all investment related decisions in relation to the CIF's assets.</li> <li>• Maintain an Investment and Hedging Strategy ("IHS") document.</li> <li>• Set structures for implementing the IHS and make day to day decisions relevant to the operation of the IHS.</li> <li>• Set structures for implementing the climate change policy and make day to day decisions relevant to the operation of the climate change policy.</li> <li>• Annually update the IHS to capture any changes that have occurred in the preceding 12 months (which will also have been minuted in JIC meetings).</li> <li>• Require the asset managers to operate within the terms of this statement so far as practical.</li> </ul>
<p><b>Investment Advisers</b></p> <ul style="list-style-type: none"> <li>• Advise on all aspects of the investment of the Scheme assets, ESG (including climate change) and implementation.</li> <li>• Advise on this statement.</li> <li>• Provide required training.</li> <li>• Advise the Trustee on suitability of the benchmarks used.</li> </ul>	<p><b>Asset Managers</b></p> <ul style="list-style-type: none"> <li>• Operate within the terms of this statement and their written contracts. Select the individual investments within their portfolios (e.g. individual stocks, bonds, derivatives, repos, etc as applicable) with regard to their suitability, including consideration of the impact on portfolio diversification, ESG (including climate change) and stewardship requirements</li> </ul>

We confirm that the approach outlined above in Section 1. Governance was used throughout the year to 31 December 2023.

## 2. Objectives, Strategy and Implementation of the DB Section

### 2.1 Investment Objective

The Trustee aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. The investment strategy that it has selected is designed to achieve a higher return than the lowest risk strategy while still maintaining a prudent approach to meeting the Scheme's liabilities.

### 2.2 Strategy

The investment strategy was determined with regard to the liability profile and funding position of the Scheme. It was based on the assumption that return seeking assets such as equities would outperform liability matching bonds over the long term. The strategy invests across a range of assets including equities, bonds, property and multi-asset strategies. The balance between the assets is selected with the aim of achieving the investment objective. The Trustee considered written advice from its investment advisers when choosing the Scheme's investment strategy. The Trustee monitors the

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investment strategy on an ongoing basis.

### 2.3 Risk Measurement and Management

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities (“funding risk”). The Trustee has identified a number of risks which have the potential to cause deterioration in the Scheme’s funding level and therefore contribute to funding risk. These risks are discussed in this section.

The risks identified by the Trustee fall naturally into two groups; those that the Trustee manages directly itself and those whose management has been delegated to the JIC, either directly or through a sub-delegation from the GSK Common Investment Fund (“CIF”).

### 2.4 Risks Managed Directly by the Trustee

The risks identified by the Trustee that are also directly managed by itself are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustee and its advisers considered this mismatching risk when agreeing the investment strategy with the JIC.
- The possibility of failure of the Scheme’s sponsoring employer (“covenant risk”). The Trustee and its advisers considered this risk when agreeing investment strategy with the JIC and consulted with the sponsoring employer as to the suitability of the mix between return seeking and liability matching assets. To further mitigate covenant risk, the Trustee has agreed a collateralised recovery plan with the Principal Employer in connection with the proposed separation of GSK’s consumer healthcare business.

### 2.5 Risks Managed by the JIC

The JIC has identified a number of risks that impact the duties that have been delegated to it. These risks include:

- Investment related risks (such as non-diversification risk, asset misallocation risk, manager risk, custody risk, stocklending risk, and cash investment risk as well as the risk attaching to a failure to adequately monitor environmental, social and governance (“ESG”) considerations (including climate-related risks and opportunities) or other financially material considerations, which may have an adverse effect on the performance of the assets over the relevant lifespan of the Scheme).
- Hedging related risks (such as counterparty risk, roll risk, hedge ineffectiveness risk, and collateral shortfall risk), and liquidity risk.

These risks are identified in the Risk Map, along with the various risk mitigation options and a monitoring framework.

### 2.6 Management of Operational Risk

A further risk that the Trustee has identified is the risk of fraud, poor advice or acts of negligence (“operational risk”). Both the Trustee and the JIC have sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

### 2.7 Regular Monitoring of Risks

The Trustee manages risks using both qualitative and quantitative techniques. In addition, it has a process in place to overview the way in which the JIC is managing the risks that have been delegated to it. Specific details of the risk management processes that the Trustee and the JIC have in place are detailed below.

Due to the complex and interrelated nature of the risks that the Trustee manages directly, these risks are considered in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially).

The Trustee may also review the risks directly managed by it quantitatively. For example, the Trustee regularly reviews the progress of the Scheme’s funding level over time as part of its ongoing management of mismatching risk.



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**2.8 Monitoring of risks delegated to the JIC**

The JIC regularly monitors the risks whose management has been delegated to it by the Trustee. In addition to the risk monitoring outlined in the Risk Map, the JIC's monitoring process also includes regular analysis of reports containing the following information:

- Performance versus the Scheme's investment objective.
- Performance of individual asset managers versus their respective targets.
- Any significant issues with the asset managers that may impact their ability to meet their performance targets, including ESG ratings.

The Trustee regularly receives summaries of the above information and also summaries of the decisions made by the JIC. This forms part of its overall risk monitoring process.

**2.9 Implementation**

The Trustee invests DB Section assets both directly and indirectly through the CIF, which has an independent trustee board (the CIF Directors). The Trustee and the CIF have delegated all investment and hedging related responsibilities to the JIC. The JIC has delegated the management of the assets to a number of asset managers.

The Trustee also has assets in the form of insurance policies which are held to match part of the pension in payment liabilities.

The JIC monitors the performance of all asset managers on a quarterly basis and assesses any significant issues with the asset managers that may impact on their ability to meet the performance objectives set by the Trustee.

The Trustee monitors the major decisions of the JIC, such as asset allocation and manager selection to ensure that they are consistent with the objectives of the Trustee.

The JIC is responsible for ensuring that the asset mix of the Scheme assets does not move too far from the planned asset allocation. The asset allocation is regularly monitored and rebalanced to ensure it remains within certain ranges.

The JIC is responsible for considering whether it would be appropriate to include alternative investments such as private equity and hedge funds in the overall investment strategy.

We confirm that the approach outlined above in Section 2. Objectives, Strategy and Implementation was used throughout the year to 31 December 2023. In particular;

**1) Kind of investments held, their expected return and the balance between them**

The Trustee regularly reviewed the balance between the kinds of investments held in the portfolio over the course of the year. Historical performance, risk, market outlook and Asset Manager specific circumstances are all considered when determining the balance between the Scheme's investments.

The Trustee monitors the performance of the funds used against their stated objectives and benchmarks. This takes place on a quarterly basis. The investment monitoring report also highlights any changes to the Investment Adviser's manager research rating.

Within the Growth sub-portfolio, the Scheme rebalanced allocations as appropriate during the year (e.g. trimming equities when sensible to do so to move the allocation back to target). The Scheme also fully disinvested from one multi-strategy mandate late in 2023, with proceeds received after Scheme year end.

In the Liability Hedging Portfolio, the Trustee increased the allocation to credit to align with the target strategy and reviewed the collateral framework.

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**2) Risks and how they are measured and managed**

The Trustee considers both quantitative and qualitative measures for risks when deciding investment policies and the choice of Asset Managers, funds and strategies.

The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.

The Scheme's advisors prepare a quarterly Integrated Risk Management dashboard to help monitor the varying actuarial, covenant and investment related risks that the Scheme is exposed to.

The Trustee reviews the quarterly monitoring reports provided by the Investment Adviser, which include risk analysis of the investment strategy and the impact on funding level under different stress test scenarios.

Several investment risks related to the ongoing management of the investments, such as liquidity, collateral and leverage risk are monitored by the Trustee on at least a quarterly basis.

We provide more detailed commentary throughout Section 3, where the majority of our investment related policies can be found.

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### **3. Investment Policies**

#### 3.1 General Investment Policy also covering ESG (including climate change) and Stewardship

The Trustee of the Scheme will, after having taken investment advice, decide an overall objective for the Scheme's investment strategy which will be communicated to the JIC. The IHS is then developed by the JIC, in conjunction with the trustees of the schemes which participate in the JIC. It is the JIC's policy to consider:

- The underlying schemes' objectives for the investment strategy.
- A full range of asset classes, including alternative asset classes such as private equity.
- The suitability of each asset class in the planned investment strategy.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of the possible styles of investment management and manager diversification.
- The need for appropriate diversification both across asset classes and within asset classes.
- The viability of including risk mitigation strategies, for example by seeking to protect against equity falls using floors or other hedging mechanisms.
- ESG (including climate-related) risks and opportunities in the investment and funding strategies.

Having considered the above and taken advice from the investment advisers, the JIC liaises with the trustees of the schemes which participate in the JIC about the investment strategy for the Scheme.

The Scheme holds some of its return seeking assets in the CIF and other return seeking assets and the liability matching assets are held by the individual schemes. The Trustee reviews from time to time whether continued participation in the CIF is appropriate.

The Trustee and the JIC expect the asset managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practical. In addition, asset managers pay commissions to third-parties on many trades they undertake in the management of the assets.

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**Kind of investments held**

The Scheme invests in Growth and Liability Matching investments. Within the Growth portfolio, the Scheme fully disinvested from one multi-strategy mandate late in 2023. Within the Liability Matching portfolio, the credit allocation was further increased in 2023 bringing the exposure to the asset class in line with the strategic target. The Trustee will continue to review the nature of the investments held in 2024 to ensure the strategy continues to balance liquidity, collateral, return and risk requirements optimally.

**Expected return on investments**

The Trustee monitors the performance of the funds used against their stated objectives and benchmarks. This takes place on a quarterly basis. The monitoring report also highlights any changes to the Investment Adviser's manager research rating.

The selection of the underlying Asset Managers is the responsibility of the Trustee.

The Trustee also meets with the managers employed in the DB Section of the Scheme on an ad hoc basis to discuss performance, market trends and any changes to objectives where relevant.

**Realisation of Investments**

The liquidity of the various funds employed by the Scheme varies, ranging from daily dealing to semi-annual dealing. The Trustee takes advice from the Investment Adviser to ensure the overall portfolio liquidity is sufficient and whenever divestments are required.

The Trustee has a long-term time horizon for its investments and therefore acknowledges the importance of being an engaged and responsible long-term investor in the assets and markets in which it invests. The Trustee considers sustainable investment to be the integration of ESG factors (including climate-related risks and opportunities) into investment decisions, where financial risk and/or return is or could be materially affected ("Sustainable Investment").

Careful consideration is given to Sustainable Investment when asset managers are selected, retained or realised and the Trustee expects their managers to take into account Sustainable Investment considerations (including but not limited to climate change) when making investment decisions. The Trustee's Investment Adviser provides Sustainable Investment ratings for asset managers on a quarterly basis, to enable monitoring of this.

The Trustee keeps up to date on developments in Sustainable Investment through periodic training and discussions and a specific allocation has been made to a low carbon equity fund.

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**Financially material considerations over the appropriate time horizon**

The investment monitoring report is reviewed by the Trustee on a quarterly basis – this includes the ratings for each manager from the Investment Adviser. The Trustee also completed an ESG review of the Scheme's mandates during the year.

Over the year the Trustee has had regular discussions on sustainable investment approaches, the evolving regulatory landscape and specific discussions around climate related metrics, scenario analysis and targets. This was in part to support the production of climate specific reporting for the Scheme.

The Trustee acknowledges that managers following certain strategies have less opportunities to display strong ESG credentials, due to the nature of the mandate used, for example in derivative based strategies. The Scheme's former Investment Adviser flagged such strategies as 'low focus' with regards to ESG so the Trustee can better assess where to direct efforts to improve engagement amongst the Asset Managers. The Investment Adviser carried out an ESG review of the Scheme's managers in May 2023.

The Trustee will continue to review ESG integration within the portfolio with their new Investment Adviser.

3.1.1 Climate change

The Trustee sets out its policy relating to the governance of climate-related risks and opportunities in a separate annually published climate report. The Trustee includes its portfolio metrics and climate change targets in this report.

3.1.2 Stewardship

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 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.

On behalf of the Trustee, the JIC reviews regularly the voting strategy of its asset managers and has identified a series of specific stewardship priorities that it considers most significant to help oversee voting and engagement activity.

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.

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**The exercise of rights (including voting rights) attaching to the investments**

The Trustee delegates the exercise of voting rights associated with investments to the underlying Asset Managers and this is reviewed in detail annually.

The following investments held for the full year contain an allocation to equities:

- LGIM equity portfolio (including passive regional equity index tracker funds and MSCI World Low Carbon Target Fund)
- Amundi Multi-Strategy Growth
- Bridgewater Optimal Portfolio Fund II
- Farallon Capital Offshore Investors Currency Class Fund

The voting records of the above Managers / Funds are summarised in Appendix A.

The Trustee places a particular focus on LGIM as they manage the most significant equity mandates for the Scheme.

The examples shown in Appendix B demonstrate examples of significant votes cast by the Scheme's Asset Managers where voting rights have been used to influence change with regard to ESG-related issues.

In 2022, the Trustee also agreed a set of specific stewardship priorities that they see as particularly significant and therefore expect their Asset Managers to focus on when voting proxies and engaging with underlying companies within the portfolio. These priorities are summarised below:

- **Climate Crisis:** a focus on climate change and net zero greenhouse emissions
- **Environment Impact:** a focus on aspects such as biodiversity, deforestation and water usage
- **Human rights:** a focus on aspects such as living wages, gender equality and health & nutrition
- **Governance:** a focus on aspects such as board construction and executive compensation

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**Undertaking Engagement activities (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)**

The Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourages its Asset Managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes. Where the Scheme invests in pooled funds, the Trustee requires its Asset Managers to engage with the investee companies on the Trustee's behalf.

The Trustee reviews the voting activity of their funds annually in preparing this document, and will discuss any key findings or concerns (if applicable).

The Trustee welcomes the views of the members and beneficiaries, including (but not limited to) their views in relation to Sustainable Investment, which are periodically fed back to the Trustee. For the avoidance of doubt however, it does not currently take any non-financial factors into account when setting the investment strategy.

**The extent to which non-financial matters are taken into account**

There were no non-financial matters considered during the reporting period.

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 Scheme.

**3.1.3 Arrangements with Asset Managers: Policy**

The Trustee believes that an understanding of, and engagement with, asset managers' arrangements is required to ensure they are aligned with Trustee's policy, including its Sustainable Investment policy. In accordance with latest regulation, it is the Trustee's policy to ensure that the following are understood and monitored:

- How asset manager arrangements incentivise asset managers to align their strategy and decisions with the Trustee's policies
- How asset manager arrangements incentivise asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term
- How the method (and time horizon) of the evaluation of asset managers' performance and their remuneration are in line with the Trustee's policies
- Portfolio turnover costs incurred by the asset managers, in the context of the asset manager's targeted portfolio turnover (defined as the frequency within which the assets are expected to be bought or sold)
- Duration of the arrangement with the asset manager

**3.1.4 Arrangements with Asset Managers: Implementation**

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.

Asset managers are appointed based on their capabilities and, therefore, their perceived likelihood of

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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.

**How the arrangements incentivise Asset Managers to align with the Trustee's policies**

The Trustee took the decision to remove one multi-strategy mandate from the portfolio over the course of the year, in part due to poor performance on a net of fee basis (and also reflecting a strategic decision to reduce exposure to multi-strategy investments).

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.

**How the arrangements incentivise Asset Managers to make decisions based on the medium to long term performance of asset issuers and engage with them to improve performance**

The Scheme's Investment Adviser conducts regular meetings with the Scheme's underlying Asset Managers to review their investment performance, strategy and their performance as Sustainable Investors. The Scheme's Investment Adviser then reports back to the Trustee with any update on the managers in this regard.

These updates usually include the Investment Adviser's ratings, comments on ESG integration and assessment of performance versus objectives. The Trustee also undertakes a specific annual assessment of Asset Managers' ESG policies.

Where required the Trustee will meet directly with managers to make their own assessment.

The JIC and Trustee receive 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 JIC 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 JIC and 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. As managers are remunerated based on the level of assets managed and in some cases with an additional performance related fee, there is a direct interest for asset managers to perform in line or ahead of targets in order to retain mandates and continue to receive compensation on an ongoing basis.

**How the method (and time horizon) of the evaluation of performance and the remuneration for services are in line with Trustee's policies**

Where managers are not meeting performance objectives, the Trustee will monitor the manager closely in conjunction with the Scheme's Investment Adviser. Any pertinent updates are discussed at Trustee meetings, via the quarterly investment monitoring reports or through separate update papers.



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Where the Trustee feel it is necessary, they will directly engage with managers to offer them the opportunity to explain periods of poor performance or other issues.

From the information delivered over the year, the Trustee was satisfied with the progress of the managers in relation to ESG and no further action was taken over the period covered by this statement.

The Trustee does not currently define target portfolio turnover ranges for asset managers, particularly as the Trustee primarily use pooled funds. However, the Trustee will engage with an asset manager if portfolio turnover is higher than expected. The JIC considers portfolio turnover costs indirectly through consideration of overall costs incurred throughout the year (including all manager fees and expenses), provided within data the Trustee receives annually under the MIFID II framework.

**How the Trustee monitors portfolio turnover costs**

Over the year under review, the Scheme's Investment Adviser assessed manager portfolio turnover on the Trustee's behalf as part of its ongoing manager monitoring.

There were no instances of excessive portfolio turnover for the period covered by this statement.

The Trustee considered the levels of transaction costs as part of a wider review of costs and charges, carried out in early 2023.

While the transaction costs provided appear to be reasonably reflective of costs expected of the various asset classes and markets that the Scheme invests in, there is not as yet any industry standard or universe to compare these to. The Trustee will assess these costs on an ongoing basis moving forwards and where appropriate with help from their Investment Adviser would challenge the level of costs incurred if they were assessed to be too high relative to expectations as this may indicate excessive turnover.

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.

**Duration of Asset Manager arrangements**

The decision was taken to fully disinvest from one multi-strategy mandate given poor performance, along with the decision to reduce the multi-strategy allocation.

3.1.5 Other

The Trustee has appointed a global custodian. The custodian provides safekeeping for all the Scheme's assets and performs the administrative duties attached, such as the collection of interest and dividends and dealing with corporate actions. The custodian also provides unitisation of the CIF's assets to ensure that Scheme's assets are clearly identified.

Assets are mainly invested on regulated markets. We note that some funds may have exposure to securities not on regulated markets. The Trustee has delegated the management of these securities to asset managers to ensure these are kept to prudent levels.

The Trustee will review this SIP at least every three years and immediately following any significant

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change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

The Trustee has appointed investment advisers. The advisers operate under agreements to provide services which ensures the Trustee and JIC are fully briefed to take decisions themselves and to monitor those they delegate.

The Trustee's investment advisers have the knowledge and experience required under the Pensions Act 1995.

### 3.2 Additional Voluntary Contributions ("AVCs")

The Trustee has made available various investment vehicles for the investment of AVCs. The details of the policies surrounding these arrangements are set out in the Scheme's *'Statement of Investment Principles for the Defined Contribution Section – October 2023'*.

### 3.3 Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to an asset manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustee approaches Sustainable Investment and ESG considerations where applicable in direct investments consistently with their general policies outlined above.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include the vehicles available for members' AVCs and any interests in Scottish Limited Partnerships. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the asset manager(s).

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and subsequent legislation) and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the asset managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The policy for the Scheme's AVC assets which are classified as direct investments are set out in the Scheme's *'Statement of Investment Principles for the Defined Contribution Section – October 2023'*.

We confirm that the approach outlined in 3. Investment Policies was used throughout the year to 31 December 2023.

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**4. Supplementary information to the SIP**

There is further information contained in the document titled “*Supplementary information to the Statement of Investment Principles (“SIP”) for the DB Section of the Scheme – March 2023*” on the fee structures for Managers and Advisers. In addition, details of the policies governing AVC arrangements are set out in the Scheme’s ‘*Statement of Investment Principles for the Defined Contribution Section – October 2023*’.

**5. Compliance with this statement**

The Trustee will review this SIP at least every 3 years and as soon as practicable following a significant change in investment strategy. The Trustee will take investment advice and consult with the Principal Employer over any changes to the SIP.

As noted earlier in this Statement, the SIP was reviewed in March 2023 to ensure it remained current with the latest legislation and scheme circumstances.

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**Appendix A – Manager Voting Responsibility**

To ensure voting behaviour is consistent with the Schemes’ investment objectives and stewardship priorities, the Trustee has classified ‘significant votes’ as those which consider any one of the following factors with relevant (but not exhaustive) examples:

- **Climate** – Climate change, net zero greenhouse gas emissions
- **Governance** – Board composition, remuneration
- **Environmental impact** – Biodiversity, deforestation
- **Human Rights** – Living wages, gender equality, health and nutrition

The following table details information on the manager voting policies as well as data on votes undertaken over the year. Mandates where shareholder voting is not applicable are not included in the list below.

**DC Section**

Manager	Manager proxy voting policy	Votes undertaken over the year - 1 January 2023 to 31 December 2023
Nordea	<p>Nordea is a fund company with unit holders as clients and they vote based on their policy in the best interest of unitholders. In all its activities, Nordea shall act in the best interests of the customer, and act honestly, fairly and professionally.</p> <p>Nordea funds have an aggregated voting strategy, meaning that they strive to vote for as large part of their total holdings in any given company as possible.</p> <p>Nordea’s proxy voting is supported by one external vendor (Institutional Shareholder Services Nordic Investor Services) to facilitate proxy voting, execution and to provide analytic input.</p>	<p><b>Diversified Return</b></p> <p>Number of meetings eligible to vote: 200</p> <p>Number of resolutions eligible to vote: 2,486</p> <p>Proportion of votes with management: 83%</p> <p>Proportion of votes against management: 12%</p> <p>Proportion of votes abstained: 5%</p>
HSBC	<p>HSBC exercise their voting rights as an expression of stewardship for client assets. They have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.</p> <p>HSBC use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene our guidelines. They review voting policy recommendations according to the scale of overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines.</p> <p>They regard the votes against management recommendation as the most significant. With regards to climate, in their engagement they encourage companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).</p> <p>Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, HSBC will generally vote against the re-election of the Chairman. They also generally support shareholder</p>	<p><b>Islamic Global Equity</b></p> <p>Number of meetings eligible to vote: 107</p> <p>Number of resolutions eligible to vote: 1,726</p> <p>Proportion of votes with management: 76%</p> <p>Proportion of votes against management: 23%</p> <p>Proportion of votes abstained: 0%</p>

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Manager	Manager proxy voting policy	Votes undertaken over the year - 1 January 2023 to 31 December 2023
	resolutions calling for increased disclosure on climate-related issues.	
LGIM	<p>LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.</p> <p>To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.</p> <p>LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.</p>	<p><b>LGIM GSK Lifecycle Fund</b> Number of meetings eligible to vote: 11,631 Number of resolutions eligible to vote: 116,944 Proportion of votes with management: 77% Proportion of votes against management: 22% Proportion of votes abstained: 0%</p> <p><b>LGIM GSK Retirement Income Multi-Asset Fund</b> Number of meetings eligible to vote: 10,300 Number of resolutions eligible to vote: 106,089 Proportion of votes with management: 77% Proportion of votes against management: 22% Proportion of votes abstained: 0%</p> <p><b>LGIM GSK Overseas Equity Fund</b> Number of meetings eligible to vote: 10,745 Number of resolutions eligible to vote: 106,616 Proportion of votes with management: 76% Proportion of votes against management: 23% Proportion of votes abstained: 0%</p> <p><b>LGIM GSK Diversified Growth Fund</b> Number of meetings eligible to vote: 9,090 Number of resolutions eligible to vote: 94,401 Proportion of votes with management: 76% Proportion of votes against management: 23% Proportion of votes abstained: 0%</p>

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Manager	Manager proxy voting policy	Votes undertaken over the year - 1 January 2023 to 31 December 2023
		<p><b>LGIM Global Equity Fund</b>  Number of meetings eligible to vote: 11,174  Number of resolutions eligible to vote: 114,189  Proportion of votes with management: 78%  Proportion of votes against management: 22%  Proportion of votes abstained: 0%</p> <p><b>LGIM GSK UK Equity Index Fund</b>  Number of meetings eligible to vote: 680  Number of resolutions eligible to vote: 10,517  Proportion of votes with management: 94%  Proportion of votes against management: 6%  Proportion of votes abstained: 0%</p> <p><b>LGIM GSK Global Sustainable Equity Fund</b>  Number of meetings eligible to vote: 5,080  Number of resolutions eligible to vote: 52,639  Proportion of votes with management: 80%  Proportion of votes against management: 19%  Proportion of votes abstained: 0%</p> <p><b>LGIM GSK Targeting Annuity Fund</b>  Number of meetings eligible to vote: 2  Number of resolutions eligible to vote: 2  Proportion of votes with management: 100%  Proportion of votes against management: 0%  Proportion of votes abstained: 0%</p>

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Fulcrum	<p>Fulcrum's default choice is to vote as per the Climate Change Policy by their proxy adviser, Glass Lewis. Fulcrum will, in these instances, do their own research and if they consider it right to do so, vote against their advice if this is in advantage of the topic of climate change mitigation. In particular, Fulcrum looks for votes related to encouraging science-based target setting with regard to decarbonisation goals as this is a core part of their engagement focus.</p> <p>Glass Lewis' advice feeds automatically into the Broadridge platform where they execute the votes.</p>	<p><b>Diversified Absolute Return</b></p> <p>Number of meetings eligible to vote: 650</p> <p>Number of resolutions eligible to vote: 14,609</p> <p>Proportion of votes with management: 87%</p> <p>Proportion of votes against management: 12%</p> <p>Proportion of votes abstained: 1%</p>
MAN	<p>Man Group appointed Glass Lewis as its proxy service provider. MAN Group uses Glass Lewis's voting platform 'Viewpoint' to vote their shares electronically, receive research reports and</p>	<p><b>Alternative Style Risk Premia</b></p> <p>Number of meetings eligible to vote: 13</p>

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Manager	Manager proxy voting policy	Votes undertaken over the year - 1 January 2023 to 31 December 2023
	<p>custom voting recommendations. They have monitoring controls in place to ensure that the recommendations provided are in accordance with our ESG Voting Policy and that their votes are timely and effectively instructed. Specifically, their voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, they also have in place electronic alerts to inform them of votes against their policy, votes that need manual input and rejected votes that require further action.</p> <p>MAN Group proxy voting framework comprises a bespoke screening system that identifies 'high-value meetings'. This screening combines the ESG rating from a third-party provider with an internal metric on deemed importance of the meeting. If a company falls below a certain threshold score in any area (ESG rating) and / or is considered materially important based on the % of shares outstanding held by Man or fund's AUM, the meeting will be flagged to the Stewardship Team and be considered 'high-value'. In addition to this, all meetings with shareholder proposals are also flagged to the Stewardship Team and reviewed.</p>	<p>Number of resolutions eligible to vote: 200</p> <p>Proportion of votes with management: 72%</p> <p>Proportion of votes against management: 29%</p> <p>Proportion of votes abstained: 0%</p>

**DB Section**

Manager	Manager proxy Voting Policy	Key votes undertaken over the year - 1 January 2023 to 31 December 2023
LGIM	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.	<p>Total opportunities to vote = 88,474</p> <p>Total votes cast = 88,361</p> <p>Votes for management = 80%</p> <p>Votes against management = 20%</p> <p>Votes to abstain = 0%</p>
Amundi	Amundi uses the ISS Proxyexchange platform to monitor its voting positions and to send its voting instructions. Analysis from ISS, Glass Lewis, and Proxinvest is available to more efficiently identify problematic resolutions, while retaining complete autonomy from their recommendations.	<p>Total opportunities to vote = 928</p> <p>Total votes cast = 900</p> <p>Votes for management = 75%</p> <p>Votes against management = 25%</p> <p>Votes to abstain = 0%</p>
Bridgewater	Bridgewater has engaged Glass Lewis to vote proxies on behalf of their clients. Bridgewater generally subscribes to the proxy voting policy adopted by Glass Lewis but reserves the right to direct Glass Lewis to vote in a manner that is contrary to such policy where appropriate, or as specifically directed by a client.	<p>Total opportunities to vote = 18,343</p> <p>Total votes cast = 18,315</p> <p>Votes for management = 85%</p> <p>Votes against management = 15%</p> <p>Votes to abstain = 1%</p>



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Farallon	Farallon obtains proxy voting analysis and recommendations from Glass Lewis and delivers these to their investment professionals, who are responsible for instructing votes in the best interests of the Farallon funds. The Glass Lewis recommendations are simply one piece of information that Farallon's investment analysts may consider.	Total opportunities to vote = 1,540 Total votes cast = 1,534 Votes for management = 87% Votes against management = 11% Votes to abstain = 2%
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**Appendix B – Examples of Significant Votes**

The following table details examples of significant votes undertaken over the year, in the Manager's own words.

The Trustee has reviewed voting records from the managers in each of their priorities listed above (Climate, Governance, Environmental Impact and Human Rights). The votes listed below are advised as most significant as they not only cover the priority areas for the scheme but also have the largest holding size as a proportion of the relevant Funds.

Mandates where shareholder voting is not applicable are not included in the list below.

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**DC Section**

Fund	Manager	Company	Approx. Size of Holding as % of Fund at date of vote	Date of Vote	Resolution	How you voted	Outcome	Priority Area for GSK	Rationale for the voting decision	Trustee Comment
GSK Lifecycle Fund	LGIM	JPMorgan Chase & Co.	<1%	16/05/2023	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Against Management – FOR.  LGIM publicly communicates its vote instructions on its website	Did not pass	Climate Change	LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the ‘how’ rather than the ‘what’, including activities and timelines) can further focus the board’s attention on the steps and timeframe involved and provides assurance to stakeholders.	The Trustee views Climate Change as a significant priority area for the Scheme, and is supportive of better disclosures across all industries.
GSK Global Equity Fund	LGIM	Alphabet Inc.	1.0%	02/06/2023	Approve Recapitalisation Plan for all Stock to Have One-vote per Share	Against Management – FOR.  LGIM publicly communicates its vote instructions on its website	Did not pass	Governance	A vote in favour was applied as LGIM expects companies to apply a one-share-one-vote standard.	The Trustee believes that a one tiered voting system is an improvement on current practices.

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Fund	Manager	Company	Approx. Size of Holding as % of Fund at date of vote	Date of Vote	Resolution	How you voted	Outcome	Priority Area for GSK	Rationale for the voting decision	Trustee Comment
GSK Overseas Equity Fund	LGIM	Amazon.com, Inc.	1.4%	24/05/2023	Report on Median and Adjusted Gender/Racial Pay Gaps	Against Management – FOR. LGIM publicly communicates its vote instructions on its website	Did not pass	Human Rights	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	The Trustee believes that increased transparency is an improvement on current practices.

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Fund	Manager	Company	Approx. Size of Holding as % of Fund at date of vote	Date of Vote	Resolution	How you voted	Outcome	Priority Area for GSK	Rationale for the voting decision	Trustee Comment
GSK UK Equity Index Fund	LGIM	Shell Plc	7.0%	23/05/2023	Approve the Shell Energy Transition Progress	Against Management – AGAINST. LGIM publicly communicates its vote instructions on its website.	Passed	Climate Change	A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	The Trustee views Climate Change as a significant priority area for the Scheme, and is supportive of better disclosures across all industries.
GSK Retirement Income Multi-Asset Fund	LGIM	Toyota Motor Corp.	<1%	14/06/2023	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Against Management – FOR. LGIM publicly communicates its vote instructions on its website.	Did not pass	Climate Change	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM	The Trustee views Climate Change as a significant priority area for the Scheme, and is supportive of better disclosures across all industries.

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										<p>acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, they believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. They believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.</p>	
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Fund	Manager	Company	Approx. Size of Holding as % of Fund at date of vote	Date of Vote	Resolution	How you voted	Outcome	Priority Area for GSK	Rationale for the voting decision	Trustee Comment
GSK Shariah Fund	HSBC	Microsoft Corporation	7.6%	07/12/2023	Advisory Vote to Ratify Named Executive Officers' Compensation	Against Management – AGAINST. HSBC did not communicate their thinking ahead of the AGM.	Passed	Governance	HSBC consider the quantum of the total pay excessive, the vesting period is not sufficiently long and the performance measurement period is not sufficiently long.	The Trustee views remuneration strategy as a key priority for the Scheme, as appropriately remunerated Boards and teams are expected to run more effective companies.
GSK Diversified Growth Fund	LGIM	Tencent Holdings Limited	<1%	17/05/2023	Elect Jacobus Petrus (Koos) Bekker as Director	Against Management – AGAINST. LGIM publicly communicates its vote instructions on its website.	Passed	Climate Change	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.	The Trustee views Climate Change as a significant priority area for the Scheme, and is supportive of better disclosures across all industries.

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Fund	Manager	Company	Approx. Size of Holding as % of Fund at date of vote	Date of Vote	Resolution	How you voted	Outcome	Priority Area for GSK	Rationale for the voting decision	Trustee Comment
GSK Global Sustainable Equity	LGIM	Mastercard Inc.	<1%	27/06/2023	Elect Director Merit E. Janow	With Management – FOR. LGIM publicly communicates its vote instructions on its website.	Passed	Governance	A vote in favour was applied as no significant concerns were highlighted. While LGIM note the dual-class share structure with A and B shares outstanding, the Company has confirmed that the legacy B shares do not confer any rights and therefore do not negatively affect the rights attached to the commonly traded A shares.	The Trustee views good governance (including sensible Board composition, with appropriate risk management) as key to good stewardship and ultimately Company performance

Given the size of the holdings, most of the significant votes that have been identified above have been managed by LGIM over the year. Therefore, we have also shown significant votes from other managers below:



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Manager	Fund	Company	Approx. Size of Holding as % of Fund at date of vote	Date of Vote	Resolution	How you voted	Outcome	Priority Area for GSK	Rationale for the voting decision	Trustee Comment
Nordea	Diversified Return	Mastercard Inc.	1.5%	27/06/2023	Political Lobbying Disclosure (shareholder proposal)	Against Management – FOR.  Nordea will share their concern with the Chairman of the Board.	Did not pass	Governance	Nordea voted for the shareholder proposal as they believe additional disclosure of the company's direct and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.	The Trustee views Governance as a significant area for the Scheme and is supportive of increased disclosures in relation to industry risk processes.

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Fulcrum	Diversified Absolute Return	Rio Tinto plc	<1%	27/3/2023	Report on Risks of Operating in Countries with Significant Human Rights Concerns	Against Management – FOR.  Fulcrum did not inform management of their voting intention prior to the vote.	Passed	Climate Change	Glass Lewis have certain reservations concerning proposals that request shareholders approve or disapprove a company's climate strategy. However, having reviewed the circumstances at the Company, they believed that shareholder support for this proposal was warranted. Additionally, the Company provides information concerning its response if the vote receives significant opposition. Namely, the Company states that if the "resolution receives less than 50% in favour, it would hold specific discussions with shareholders and seek information from them about why they did not support the proposed CAP, inform all shareholders about the results of that process and announce its intended measures aimed at taking them into account." We agree with Glass Lewis's rationale to encourage such engagement with all shareholders and hence support their proposal to vote FOR the proposal.	The Trustee views Climate Change as a significant priority area for the Scheme, and is supportive of disclosures across all industries.
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MAN	Alternative Style Risk Premia	Arch Capital Group Ltd	<1%	04/05/2023	Elect Francis Ebong	Against Management – AGAINST. MAN did not inform management of their voting intention prior to the vote.	Passed	Human Rights	Insufficient gender diversity.	The Trustee sees gender equality as an important issue and engaging with the Company on this is key. It also sees Board Composition (including diversity) as key to the good stewardship of a Company.
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**DB Section**

Fund	Manager	Company	Date of Vote	Resolution	How you voted	Outcome	Priority Area for GSK	Rationale for the voting decision	Trustee Comment
MSCI World Low Carbon Target Index Fund	LGIM	Amazon.com, Inc.	24/05/2023	Report on Median and Adjusted Gender/Racial Pay Gaps	For the resolution and against management	Fail	Human rights	LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue and LGIM believes cognitive diversity in business is a crucial step towards building a better company, economy, and society.	The Trustee sees gender equality as an important issue and engaging with the Company on this is key. It also sees Board Composition (including diversity) as key to the good stewardship of a Company.
Regional Passive Equity Funds	LGIM	Abbott Laboratories	28/04/2023	Elect Director	Against the resolution and against management	Passed	Governance	A vote against is applied as LGIM expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.	The Trustee views good governance (including independent input into Board level decision making) as key to good stewardship and ultimately Company performance.

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Amundi Multi-Strategy Growth	Amundi	Microsoft Corporation	31/05/2023	Report on Climate Risk in Retirement Plan Options	For the resolution	Fail	Climate change	Amundi considers the commitment requested by the proposal as useful for shareholders to assess progress towards Paris Agreement targets.	The Trustee views climate change as a significant area for the Scheme and is supportive of encouraging progress towards Paris Agreement targets.
Farallon Capital Offshore Investors Currency Class Fund	Farallon	Salesforce	08/06/2023	Board Chair	Against resolution and with management.	Fail	Governance	Salesforce engaged with a number of shareholders in 2023 who sought or were reported to seek representation on the company's board. These interactions led to the appointment of one shareholder representative by the company in January 2023. Farallon will consider supporting well-constructed proposals that address material ESG issues that it believes will protect and/or enhance the value of the share, however, the proposal either did not squarely address financially material risks of the company or was not reasonably designed to mitigate such risks.	The Trustee views good governance (including sensible Board composition, with appropriate risk management) as key to good stewardship and ultimately Company performance.

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**Appendix C – Benchmark and Target Allocations**

**DC Section**

Fund	Underlying Fund	Benchmark	Fund Type
Lifecycle Fund	65.0% GSK Global Equity Index	3.0% FTSE All Share Index / 3.0% Solactive L&G ESG UK Index / 17.5% FTSE AW - World (Ex-UK) / 17.5% Solactive L&G ESG Developed (Ex-UK) Index / 22.0% FTSE AW - World (Ex-UK) – GBP Hedged / 22.0% Solactive L&G ESG Developed (Ex-UK) Index GBP Hedged / 5.0% FTSE AW – All Emerging Markets / 5.0% Solactive L&G ESG Emerging Markets Index / 5.0% FTSE Global Developed Small Cap Index	Active & Passive
	35.0% GSK Diversified Growth	Benchmark – Sterling Overnight Index Average (SONIA) Target – SONIA +3.5% (net of fees)	
UK Equity Index	100.0% LGIM - UK Equity Index	FTSE All-Share Index	Passive
Global Equity Index	3.0% LGIM - UK Equity Index	FTSE All-Share Index	Passive
	3.0% LGIM – Future World UK Equity Index	Solactive L&G ESG UK Index	Passive
	94.0% GSK Overseas Equity Index	See below	Passive
Overseas Equity Index	23.4% LGIM - World (ex-UK) Developed Equity Index	18.6% FTSE AW - World (Ex-UK) / 18.6% Solactive L&G ESG Developed (Ex-UK) Index / 23.4% FTSE AW - World (Ex-UK) – GBP Hedged / 23.4% Solactive L&G ESG Developed (Ex-UK) Index GBP Hedged / 5.3% FTSE AW – All Emerging Markets / 5.3% Solactive L&G ESG Emerging Markets Index / 5.3% FTSE Global Developed Small Cap Index	Passive
	23.4% LGIM Future World Developed (ex UK) Equity Index Fund – GBP Hedged		
	18.6% LGIM - World (ex-UK) Developed Equity Index (Currency Hedged)		
	18.6% LGIM Future World Developed (ex UK) Equity Index Fund		
	5.3% LGIM - World Emerging Markets Equity Index		
	5.3% LGIM Future World Emerging Markets Equity Index Fund		
	5.3% LGIM – Global Developed Small Cap Index Fund		
Diversified Growth	28.6% LGIM - Diversified Return	Benchmark – SONIA Target – SONIA +3.5% (net of fees)	Active
	28.6% Nordea - Diversified Return		Active
	21.4% Fulcrum – Diversified Absolute Return		Active
	21.4% Man Group – Alternative Style Risk Premia		Active
Inflation Linked Pre-Retirement	100.0% LGIM – Future World Inflation Linked Annuity Aware Fund	45% FTSE Index Linked Gilts Over 15 Years Index / 55% FTSE Index Linked Gilts Under 15 Years Index	Passive
Retirement Income Multi-Asset	100.0% LGIM - Retirement Income Multi-Asset	Bank of England Base Rate +3.5% p.a.	Active

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Shariah	100.0%	HSBC - Shariah	Dow Jones Islamic Titans 100 Index	Passive
Cash	100.0%	LGIM - Sterling Liquidity	SONIA	Active
	46.0%	LGIM Future World Developed (ex UK) Equity Index Fund		Passive
	37.0%	LGIM Future World Developed (ex UK) Equity Index Fund		Passive
Global Sustainable Equity	11.0%	LGIM Future World Emerging Markets Equity Index Fund	6% Solactive L&G ESG UK Index / 37% Solactive L&G ESG Developed (Ex-UK) Index / 46% Solactive L&G ESG Developed (Ex-UK) Index GBP Hedged / 11% Solactive L&G ESG Emerging Markets Index	Passive
	6.0%	LGIM Future World UK Equity Index		Passive

**DB Section**

Fund	Return Seeking Portfolio Allocation as at 31/12/2023	Benchmark	Fund Type
Amundi Multi-Strategy Growth Fund	6.5%	3M GBP SONIA	Active
Bridgewater Optimal Portfolio II	7.4%	3M GBP SONIA	Active
CBRE UK Property	7.1%	LPI +2%	Active
Farallon Capital Offshore Investors Currency Class Fund	12.5%	3M GBP SONIA	Active
LGIM Passive Regional Equity Funds	28.3%	MSCI World Total Return Index (hedged GBP)	Passive
LGIM MSCI Low Carbon Target Fund	17.6%	MSCI World Low Carbon Target Total Return Index	Passive
LGIM Synthetic Equity	13.3%	MSCI World Total Return Index (hedged GBP)	Passive
LGIM Managed Property	7.4%	UK IPD Total Return All Property	Active

Please note the above does not sum exactly to 100% due to rounding.