SmithKline Beecham Pension Plan ("the Plan")
Statement of Investment Principles

This Statement of Investment Principles (SIP) covers the defined benefit and the defined contribution sections of the Plan. It is set out in four parts:

1) Governance arrangements
2) Objectives and implementation of the defined benefit section
3) Objectives and implementation of the defined contribution section
4) The Trustee's investment policy.

1. Governance Section

The Trustee is responsible for the investment of the Plan assets. The Trustee takes some decisions itself and delegates others (either directly or indirectly) to the Joint Investment Committee (JIC), the Joint DC Committee (JDC) or to external parties such as Investment Advisors or Fund 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. The Trustee has established the following decision making structure.

Trustee • Set structures and processes for carrying out its role. • Determine (with assistance from the JIC) targeted allocation strategy between return seeking and liability matching assets. • Determine (with assistance as required) the investment strategy, hedging strategy and insurance solutions. • Monitor the JIC and consider proposals made by the JIC. • Review the Plan's participation in the CIF. • Select and monitor fund managers of the DC and AVC assets. • Select the DC and AVC investment options. • Select and monitor investment advisers.	**JIC** • Select and monitor investment advisers and fund managers for the DB pension schemes. • Assist the Trustee with setting its targeted asset allocation. • Assist the CIF in all investment related decisions in relation to the CIF's assets. • Maintain an Investment and Hedging Strategy (IHS) document. • Set structures for implementing the IHS and make day to day decisions relevant to the operation of the IHS. • Require the fund managers to operate within the terms of this statement so far as practical.
JDC • Review all aspects of the Plan that relate directly to the DC arrangements, including investments, risk monitoring, education and operations.	
Investment Advisers • Advise on all aspects of the investment of the Plan assets, including implementation. • Advise on this statement. • Provide required training. • Advise the Trustee on suitability of benchmarks used.	**Fund Managers** • 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.

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 (as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and to reflect the Government's Voluntary code of conduct for Institutional Investment in the UK. The Trustees also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

2. Defined Benefit Section

2.1 Investment Objective

The Trustee aims to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. In setting the planned investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Plan's liabilities. The asset allocation strategy that it has selected (the planned asset allocation strategy) is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Plan's liabilities.

2.2 Strategy

The planned asset allocation strategy was determined with regard to the liability profile and funding position of the Plan. It was based on the assumption that equities would outperform bonds over the long term. The strategy may invest 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 Plan's planned asset allocation strategy. The Trustee monitors the planned asset allocation strategy on an ongoing basis.

2.3 Risk Measurement and Management

The Trustee recognises that the key risk to the Plan 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 Plan'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 Plan'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.

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 to name but a few) and 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 Plan's funding level over time as part of its ongoing management of mismatching risk.

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 Plan investment objective
- Performance of individual fund managers versus their respective targets
- Any significant issues with the fund managers that may impact their ability to meet their performance targets.

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 (where relevant). The CIF 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 fund managers.

The JIC monitors the performance of all fund managers on a quarterly basis and assesses any significant issues with the fund 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 Plan 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.

3. Defined Contribution Section

3.1 Investment Objectives

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

1. To provide an appropriate range of investment options that is intended to satisfy the reasonable risk/return combinations appropriate for most of the Plan's 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 monitor and take advice on the suitability of the investment options provided.
5. To take appropriate advice from the Trustee's investment and legal advisers in order to make informed decisions.
6. To act in the interests of the Plans' membership as a whole.

The JDC is responsible for reviewing all aspects of the Plan that relate directly to the DC arrangements, including investments, risk monitoring, education and operations. Following such review, the JDC 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 Objective is implemented using a range of investment options including equity, diversified growth, bond and cash funds. There is also a main lifecycle lifecycle strategy which switches members' funds from global equity and diversified growth assets into bonds and cash in the period prior to retirement. Two alternative lifecycles for members targeting income drawdown and cash lump sums at retirement are also available.

The structures of all of the lifecycle options were chosen so as to try to maximise expected long-term investment returns 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 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 bonds 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.

3.2 Risk Measurement and Management

The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Plan. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

The Trustee considers, amongst others, the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices. A fund range has been chosen with the aim of covering most members risk/reward requirements.
- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- Risk of the default fund being unsuitable for the requirements of some members. The default is reviewed on a regular basis.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). 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.

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 fund 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.

3.3 Implementation

The Trustee has selected suitable vehicles for investing the members' accounts.

4. Investment Policy

4.1 General Investment Policy for Both DB and DC Sections

The Trustee and the JIC expect the fund 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, fund 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 recognises that it is not possible to specify investment restrictions where assets are managed via pooled funds. For the DC section, it is noted that this is particularly true given that it is L&G that has the direct relationship with the third parties offering the funds (and not the Trustee).

The Trustee aims to be an engaged and responsible long-term investor in the assets and markets in which it invests. The Trustee believes that the integration of environmental, social and governance ("ESG") factors within Investment Managers' investment processes is not detrimental to the risk and the sustainable long-term expected returns from the Plan's investments.

The Trustee does not wish to interfere with the day to day investment decisions of its investment managers. However, the Trustee does encourage its investment managers to comply with the principles outlined in the Principles for Responsible Investing and the UK Stewardship Code where this is appropriate for their mandate.

The Trustee supports the principle of 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 on ESG matters and how they will measure the effectiveness of this strategy. The Trustee reviews regularly the voting strategy of its investment managers.

The Trustee has appointed a global custodian. The custodian provides safekeeping for all the Plan'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 Plan'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 investment 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 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.

<u>4.2 General Investment Policy - Defined Benefit Section</u>

The Trustee of the Plan will, after having taken investment advice, decide an overall planned asset allocation for the Plan between return seeking and liability matching assets 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' chosen overall asset allocation.
- A full range of asset classes, including alternative asset classes such as private equity.
- The suitability of each asset class in the planned asset allocation 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.

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 proposed asset allocation strategy for the Plan.

The return seeking assets are contained in the CIF and the liability matching assets are segregated by the individual schemes. The Trustee reviews from time to time whether continued participation in the CIF is appropriate.

<u>4.3 General Investment Policy - Defined Contribution Section</u>

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.

<u>4.4 Defined Contribution Section – Main Lifecycle Investment Options</u>

The GSK Lifecycle Pension option is the main lifecycle investment option for the Plan. Over the years just prior to retirement, this option de-risks to an asset allocation designed to be appropriate for a typical member who intends to access their benefits via an inflation linked pension at retirement.

Until June 2014, the main lifecycle investment option was the GSK Lifecycle (pre 2014).When the new GSK Lifecycle was implemented in June 2014, members with more than 10 years to their selected retirement date were moved to this new investment option, members with less than 10 years until their selected retirement date continue to be invested in the legacy GSK Lifecycle (pre 2014) investment option, unless they have made an alternative investment choice.

The GSK Lifecycle Pension option comprises of 75% GSK Global Equity Index Fund and 25% GSK Diversified Growth Fund until the member is 5 years from their Normal Retirement Date or their selected Target Retirement Date, in order to build up their account, this is known as the "growth phase".

During the 5 years up to this date, the member's account will gradually be switched to the GSK Inflation Linked Pre-Retirement and GSK Cash Funds (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 Lifecycle**	**GSK Inflation Linked Pre-Retirement Fund**	**GSK Cash Fund**
5+	100%	0%	0%
4	80%	20%	0%
3	60%	40%	0%
2	40%	52%	8%
1	20%	64%	16%
0	0%	75%	25%

The GSK Lifecycle (pre 2014) comprises of 100% GSK Global Equity Index Fund until the member is 10 years from their Normal Retirement Date or their selected Target 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 Inflation Linked Pre-Retirement and GSK Cash Funds (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 Inflation Linked Pre-Retirement 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%
2	20%	60%	20%
1	10%	67.5%	22.5%
0	0%	75%	25%

The aims of the main lifecycle and legacy lifecycle 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's 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) invests in equities alone. These investments are expected to provide growth over the long term and some protection against inflation *erosion. This investment strategy de-risks out of equities sooner, to account for the fact that equities can be subject to downside risk.*

- 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 main lifecycle strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustee's believe the primary aim should be to provide protection against a mismatch between asset values and the expected costs of retirement benefits.

  In view of the above, the Trustee's consider the level of risk within the main lifecycle investment option in the context of the variability of returns relative to annuity prices and cash rates.

  These aims are achieved via automated lifestyle switches over the ten year period to a member's selected retirement date for the GSK Lifecycle (pre 2014) and the five year period for the GSK Lifecycle. Investments are switched firstly into the GSK Inflation Linked Pre-Retirement 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 25% pension commencement lump sum.

- 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 both the main lifecycle and the legacy Lifecycle arrangements, 75% of the member's assets will be invested in the GSK Inflation Linked Pre-Retirement Fund and 25% in a money market fund.

The Trustee's policies in relation to the main lifecycle investment option are detailed below:

- The main lifecycle investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the this lifecycle investment options, the Trustee has explicitly considered the trade-off between risk and expected returns. In particular, when reviewing the investment strategy of this investment option, 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 main lifecycle investment option.

- Assets in the main lifecycle investment option 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 Plan's membership in order to inform decisions regarding the main lifecycle investment option. Based on this understanding of the membership, a default investment option that targets a scheme pension at retirement is considered appropriate.

- Members are supported by clear communications regarding the aims of the main lifecycle 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 main lifecycle investment option; the target benefits are merely used to determine the investment strategy held pre-retirement.

- Assets in the main lifecycle investment option 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 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 safe custody of the Plan'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 Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee's believe that the current main lifecycle investment option is appropriate and will continue to review this overtime, at least triennially, or after significant changes to the Plan's demographic, if sooner.

4.5 Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund 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 fund 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 fund 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

5. Supplementary information to the SIP

There is further information contained in the document titled "Supplementary information to the SIP SB Pension Plan" on the following:

- Defined contribution section: Fund manager summary
- Defined Benefit and Defined Contribution Sections: Additional Voluntary Contribution (AVC) Fund Manager Summary
- Fee Structures for Managers and Advisers

6. 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.

Dated: November 2018

SmithKline Beecham Pension Plan ("the Plan")
Supplementary information to the Statement of Investment Principles

The Statement of Investment Principles for the SmithKline Beecham Pension Plan sets out the guiding principles upon which the Plan's investments are made. The purpose of this supplementary information is to provide details of specific investments in place alongside other information relevant to the management of the Plan's investments.

The Trustee has obtained written professional advice from the Plan's Investment Consultant, Mercer, in preparing this document.

Defined Contribution (DC) Fund Manager Summary

The majority of the fund range offered to members of the DC section of the Plan 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. The fund manager mandates and performance targets are shown in the table below:

Open to members:

Provider	Fund manager	Name of Fund	Benchmark	Performance Target
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management, Aberdeen Standard Investments and Nordea Asset Management	GSK Lifecycle Fund	22.5% FTSE All Share Index / 52.5% FTSE AW - World (Ex-UK) Index 50% GBP hedged (with the exception of emerging markets)/ 25% 7 day LIBID +3.5%p.a.	This fund is comprised of 75% GSK Global Equity Fund and 25% GSK Diversified Growth Fund. For the global equity portion of the fund the target is to provide a return in-line with the equity indices. For the diversified growth portion of the fund the target is to outperform 7 day LIBID by +3.5%p.a (net of fees)
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management	GSK UK Equity Index Fund	FTSE All Share Index	To provide a return in-line with the Index
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management	GSK Overseas Equity Index Fund	FTSE AW - World (Ex-UK) Index 50% GBP hedged (with the exception of emerging markets)	To provide a return in-line with the Index
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management	GSK Inflation-linked Pre-Retirement Fund	Composite of gilt (predominantly inflation-linked gilts) and corporate bond indices, aiming to match the cashflows from a typical inflation-linked annuity product	To provide a return broadly in-line with the Index
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management	GSK Cash Fund	7 Day LIBID*	To outperform the index by 0.1% p.a. over a rolling 3 year period
Legal & General Assurance	Legal & General Investment Management,	GSK Diversified	7 day LIBID+ 3.5% p.a.	To outperform 7 day LIBID by 3.5% p.a. over the long term

(Pensions Management) Ltd	Aberdeen Standard Investments and Nordea Asset Management	Growth Fund		(net of fees)
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management, HSBC Global Asset Management	GSK Shariah Fund	Dow Jones Islamic Titans 100 Index	To provide a return in-line with the Index

The following fund is part of the Lifecycle options, and is only open to historic contributors on freestyle basis.

Provider	**Fund manager**	**Name of Fund**	**Benchmark**	**Performance Target**
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management	GSK Global Equity Index Fund	30% FTSE All Share Index / 70% FTSE AW - World (Ex-UK) Index 50% GBP hedged (with the exception of emerging markets)	To provide a return in-line with the Index

In addition to the funds available, two additional GSK Lifecycle options are available to members.

The GSK Lifecycle Drawdown option comprises of 75% GSK Global Equity Index Fund and 25% GSK Diversified Growth Fund until the member si 5 years from their Normal Retirement Date or their selected Target Retirement Date, in order to build up their account during the “growth phase”.

During the 5 years up to this date, the member’s account will gradually be switched to the GSK Retirement Income Fund and GSK Cash Funds (according to the table belowto reduce the level of investment risk and volatility of investment returns as members approach retirement. The option retains exposures to growth assets.

Years to Retirement Date	**GSK Lifecycle Fund**	**GSK Retirement Income Fund**	**GSK Cash Fund**
5+	100%	0%	0%
4	80%	20%	0%
3	60%	40%	0%
2	40%	51.7%	8.3%
1	20%	63.3%	16.7%
0	0%	75%	25%

The GSK Lifestyle Cash option comprises of 75% GSK Global Equity Index Fund and 25% GSK Diversified Growth Fund until the member is 5 years from their Normal Retirement Date or their selected Target Retirement Date, in order to build up their account during the “growth phase”.

During the 5 years up to this date, the member’s account will gradually be switched to the GSK Cash Fund (according to the table below), in order to protect the value of their account. At retirement date the option is invested completely in cash.

Years to Retirement Date	**GSK Lifecycle Fund**	**GSK Cash Fund**
5+	100%	0%
4	80%	20%

3	60%	40%
2	40%	60%
1	20%	80%
0	0%	100%

The current main lifecycle option is the GSK Lifecycle Pension option and there is also a legacy lifestyle arrangement known as the GSK Lifecycle (pre 2014). Details on these investment options are set out in the Statement of Investment Principles.

Defined Benefit and Defined Contribution Section: Additional Voluntary Contribution (AVC) Fund Manager Summary

The fund managers for members' additional voluntary contributions (AVCs) are shown below:

Provider	Fund manager	Name of Funds
Legal & General Assurance (Pensions Management) Ltd	Legal & General Investment Management	Various unitised funds
Legal & General Assurance (Pensions Management) Ltd	Aberdeen Standard Investments	Global Absolute Retrurn Strategies
Legal & General Assurance (Pensions Management) Ltd	Nordea Asset Management	Nordea Stable Return – Diversified Growth Fund
Zurich With-Profits*	-	With-Profits
Prudential*	-	With-Profits
Equitable Life*	-	With-Profits
MGM Assurance*	-	With-profits and unit linked

* These providers are closed to new contributions.

Fee Structures for Managers and Advisers

All managers are paid fees in relation to the size of assets managed. In addition UBS, Lansdowne and Farallon are paid a fee based on investment performance. The Trustee believes that they represent competitive rates for the types of mandates awarded.

Cardano has been selected as investment adviser to the Trustee and the CIF in respect of the Defined Benefit section. Mercer has been selected as investment adviser to the Trustee in respect of the Defined Contribution section.

Professional advisers, including the investment and legal advisers, are paid fees using a combination of fixed fee arrangements and based on their time spent on the Trustee's behalf. The Trustee believe that this time based fee arrangement is suitable for professional advisers as it provides a framework for ensuring a suitable amount of attention is paid to the Plan's matters while allowing the Trustee a degree of control and predictability over fees.