Ahead Together

# Annual Report 2023

# At GSK, we unite science, technology and talent to get ahead of disease together.

We aim to positively impact the health of 2.5 billion people by the end of the decade, as a successful, growing company where people can thrive.

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**Cautionary statement**

See the inside back cover of this document for the cautionary statement regarding forward-looking statements.

**Non-IFRS measures**

We use a number of adjusted, non-International Financial Reporting Standards (IFRS) measures to report the performance of our business. Total reported results represent the Group's overall performance under IFRS. Adjusted results and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. Adjusted results and other non-IFRS measures are defined on pages 82 and 83 and reconciliations to the nearest IFRS measures are on pages 93 to 95.

# We are a focused biopharma company with strong momentum and big ambitions.

**We prevent and treat disease with vaccines, specialty and general medicines.** We focus on the science of the immune system and the use of new platform and data technologies, investing in four core therapeutic areas (infectious diseases, HIV, respiratory/immunology and oncology). Our Ahead Together strategy means intervening early to prevent and change the course of disease, helping to protect people and support healthcare systems.

**We're confident in our future.** With our strong momentum and improving outlook for sustained growth through the decade, we're confident in our ability to deliver human health impact at scale, worldwide.

**We're committed to getting ahead of issues that matter for society and for the sustainability of our company, too –** including access to healthcare, diversity, equity and inclusion, and the health of our planet. We're sector leaders in ESG performance, making an impact on some of society's most urgent challenges.

**Our purpose puts our people at the heart of our success.** Core to our Ahead Together ambition is to make GSK a place where talented people thrive. Our culture of being ambitious for patients, accountable for impact and doing the right thing is the foundation for how, together, we deliver for our patients, shareholders and GSK people.

# 2023 performance and key performance indicators

## Financial

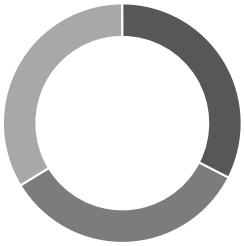
We delivered strong performance and upgraded our growth outlooks. Broad-based performance drove sales, profits and earnings growth.

### Group turnover (£bn)

£30.3bn AER 3% CER 5%

2023 growth excluding COVID-19 solutions 12% AER 14% CER

### Turnover by product area (£bn)



- Vaccines £9.9bn AER 24% CER 25%
- Specialty Medicines £10.2bn AER (9)% CER (8)%
- General Medicines £10.2bn AER 1% CER 5%

### Total operating profit (£bn)

£6.7bn AER 5% CER 10%

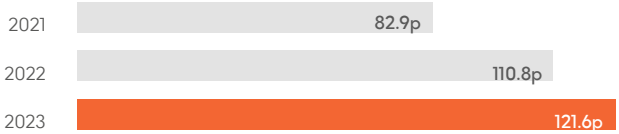
### Adjusted operating profit (£bn)

£8.8bn AER 8%[1] CER 12%[1]

2023 growth excluding COVID-19 solutions 12% AER 16% CER

### Total continuing earnings per share (p)

121.6p AER 10% CER 16%




### Adjusted earnings per share (p)

155.1p AER 11%[2] CER 16%[2]

2023 growth excluding COVID-19 solutions 16% AER 22% CER

### Cash generated from operations (£bn)

£8.1bn

### Free cash flow (£bn)

£3.4bn

We use a number of adjusted, non-IFRS, measures to report the performance of our business. Adjusted results and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. Adjusted results and other non-IFRS measures are defined on pages 82 and 83. AER – actual exchange rate; CER – constant exchange rate. Excluding COVID-19 solutions as defined on page 85.

(1) Adjusted operating profit +12% (with further positive impact of +4% excluding COVID-19 solutions) at CER.

(2) Adjusted EPS +16% (with further positive impact of +6% excluding COVID-19 solutions) at CER.

Key performance indicator attributable to continuing operations

Linked to executive remuneration. See pages 142 to 149 for more details

## 2023 performance and key performance indicators continued

## Research and development

We continued to strengthen the late-stage pipeline with organic R&D delivery and targeted business development, supporting future growth.

**£10bn**

innovation sales of products launched or with major lifecycle innovation expansion in the last five years

**4**

major approvals including in infectious diseases, HIV and oncology

**18**

assets in phase III/registration

**71**

assets in the pipeline

**6**

major business development deals

**12**

at least 12 major product launches planned from 2025[1]

Pipeline value and progress are not reported externally because of their commercial sensitivity.

## Responsible business

We continue to be recognised for our environmental and sustainability leadership. Our ESG Performance Rating is on track based on 95% of all performance metrics being met or exceeded. The metrics cover our six focus areas: access to healthcare, global health and health security, environment, diversity, equity and inclusion, ethical standards, and product governance (see pages 45 to 55).

**1st**

in the pharmaceuticals industry in the S&P Global Corporate Sustainability Assessment, with a score of 84 (as of 24 November 2023)

**11**

Global Health pipeline assets progressed to address priority World Health Organization (WHO) diseases

**10%**

reduction in operational carbon emissions (Scope 1 and 2)

## Culture

Culture progress – ambitious for patients, accountable for impact and do the right thing – is measured through our employee surveys. Our employee engagement score remained high at 81% in 2023.

+ Read more on page 14

(1) Planned launches of products with non-risk adjusted peak year sales of >=£2 billion. See 'Guidance and outlooks, assumptions and basis of preparation related to 2024 guidance, 2021-26 and 2031 outlooks' on inside back cover and FY 2023 results slides on gsk.com.

# Chair's statement

In 2023 GSK continued to make significant progress on its strategic transformation.

The programme of change Emma and her team are delivering is fundamentally improving GSK's competitiveness: sharpening operational execution and cost discipline; strengthening the pipeline; enhancing the Group's capital allocation capacity; and shifting GSK's culture to combine high integrity with performance.

As is also clear from this report, GSK is developing a distinctive role and voice in prevention of disease, offering clear benefits to patients, healthcare systems and wider society.

## Strategic progress

In 2023, we saw further evidence of the success of this transformation. Operationally, GSK is performing better – and crucially more consistently and competitively – than at any point in the last 20 years.

Group sales and operating profits grew strongly in 2023 and well ahead of the outlooks for more than 5 and 10% CAGR (excluding COVID-19 solutions) previously set for the period to 2026. GSK's progress and momentum is such that we have now upgraded these outlooks to more than 7 and 11%[1] respectively.

Growth is being driven by very strong performance across all areas of the business, especially Vaccines and Specialty Medicines, including in HIV and respiratory, where the company has built significant leadership positions and competitive advantage. The exceptional launch of the world's first RSV vaccine, *Arexvy*, in the US was a clear stand out achievement for the year.

Cost discipline across the Group continues to improve. Following a period of necessary investment in product launches, management is now focused on delivering further improvements in operating margin over the coming years.

As I have previously discussed, the demerger of Haleon in 2022 fundamentally reset and strengthened GSK's balance sheet. During 2023 we monetised £1.8 billion of our holding in Haleon to enable further investment in the pipeline and the future growth of the company.

We have also confirmed our commitment to shareholder returns through a progressive dividend policy. The Board agreed to pay shareholders an increased dividend of 58p per share for 2023, up 3p per share[2] on a comparable basis.

## R&D progress

Executing the company's late-stage pipeline and strengthening our earlier-stage R&D and technological capabilities, remains the company's number one priority. This continues to receive significant attention from the Board, including through our Science Committee, which undertook detailed reviews during 2023 of several research areas, including vaccines & RNA technology, antimicrobial resistance (AMR). oligonucleotides, antibody-drug conjugates (ADCs) and liver disease (NASH).

Improving R&D productivity is inevitably a long-term programme. But I was pleased to see good progress made during the year, both organically and through targeted business development. In total we deployed approximately £2 billion to R&D business development, including acquisitions and partnerships during the year.

As Emma sets out in her letter on pages 6 to 7, GSK now has significant and potentially very valuable late-stage R&D programmes in vaccines/infectious diseases, HIV, respiratory and specific areas of oncology.

Successful progression of these programmes is vital to support the Group's growth outlook in the second half of the decade and beyond.

(1) See 'Guidance and outlooks, assumptions and basis of preparation related to 2024 guidance, 2021-26 and 2031 outlooks' on the inside back cover and FY 2023 results slides on gsk.com

(2) GSK group dividend in 2022 was 55p, this is GSK related only and excludes the dividend related to Consumer Healthcare in H1 2022.

## Chair's statement continued

### Culture and responsibility

I believe that one of the strongest drivers of GSK's long-term performance is the culture shift that Emma and her team are driving.

We are seeing significant change here, with the focus on developing a clear purpose, strengthening leadership, and embedding business-relevant values and behaviours.

Ensuring environmental, social and governance considerations are also properly embedded into our strategy remains very important. I was delighted to see the company ranked first in the sector in S&P's 2023 assessment of Corporate Sustainability.

GSK also continues to lead in our approach to ensuring global access to our products and in developing new medicines and vaccines for diseases such as malaria and TB which disproportionately affect the poorest countries in the world.

2023 was also the second year of operation of our new remuneration policy. This is designed to support achievement of outperformance across strategic, financial and ESG goals, and I believe it is helping to drive the strong performance culture and deep commitment to responsibility that is evident at GSK.

### Shareholder returns

The Board remains focused on delivering strong shareholder returns and valuation for GSK over the long term.

It is clear from the extensive meetings and discussions I have had with shareholders over the year, that they recognise the significant performance improvements that have been delivered. Emphasis has now moved from the shorter-term outlooks to 2026, to the medium term to 2031. The upgraded outlooks we have given for both periods show the confidence of the Board and Management in GSK's future.

The uncertainty around *Zantac* (ranitidine) litigation has clearly impacted GSK's share price performance over the 18 months. We continue to vigorously defend ourselves against the remaining claims in the US, including the ongoing proceedings in Delaware and hope to see greater clarity on the litigation during 2024.

### Board evolution

The composition and maturity of the Board continues to improve to ensure we have the relevant skills and experience to provide good oversight and support, and constructively challenge management as GSK's business develops as a pure biopharma company.

I was pleased to welcome Wendy Becker to the Board in October. Wendy is a highly experienced non-executive director and brings excellent business, technology and life sciences experience.

She will also succeed Urs Rohner as Chair of the Remuneration Committee when he steps down at the May 2024 AGM. I would like to thank Urs for his contribution to the GSK Board, particularly the development of our new remuneration policy, approved in 2022, to incentivise and reward management performance. He has been a consistent and determined supporter of GSK and has provided huge support to Emma and I.

I was also pleased to welcome Julie Brown as Chief Financial Officer (CFO) in May last year. Julie brings huge experience in life sciences and as a CFO of large UK-based companies.

The GSK Board now has excellent, in many cases world-leading, experience and expertise including in human genetics, vaccines, respiratory and infectious disease; advanced technologies including in AI and ML; biopharma commercial and financial expertise and US payer, HCP and patient understanding.

GSK is performing better than it has done for many years and has an increasingly positive outlook, and this is due to the energy, commitment and leadership of Emma and her team in support of the company's ambitious programme of change.

Finally, I would also like to thank all of our people, partners, customers and shareholders for their support and commitment through the last year and I look forward to another year of progress in 2024 for GSK.

**Sir Jonathan Symonds**
Chair

# CEO's statement

GSK is delivering on its commitments and performing to a new standard.

The excellent performance we delivered in 2023 provides us with clear momentum and we expect to deliver another year of meaningful growth in 2024, as we continue to focus on prevention and changing the course of disease.

## Delivering on our commitments

In 2021, we set out a series of commitments to shareholders, including for a 'step-change' in performance, following the significant transformation in GSK's structure, strategy, capital allocation and culture.

Since then, we have delivered 10 quarters of consecutive sales growth (excluding COVID-19 solutions), and around two-thirds of sales are now generated from Vaccines and Specialty Medicines, a key strategic priority.

At the same time, we have continued to strengthen our pipeline. We now have 71 vaccines and medicines in clinical development and the majority of the late-stage assets we highlighted in 2021 have moved forward positively.

Since 2021, we have also added multiple new opportunities through targeted business development, securing more than 16 acquisitions and alliances for innovative assets and new technologies.

We have achieved all of this whilst maintaining a continued sharp focus on operating margins and cash flow – mindful of the need to both invest for the future and to deliver attractive returns to shareholders.

## Strong 2023 performance

As set out on pages 2 to 3, our performance for 2023 demonstrated this progress, with sales excluding COVID-19 solutions and both total and adjusted profits growing at double-digit levels at CER.

A clear highlight for the year was the exceptional launch of *Arexvy*, the world's first vaccine for RSV, which contributed £1.2 billion of sales in its first year. More than 10% of American adults aged 60 years and older have now been vaccinated against RSV, and over two-thirds of those have been vaccinated with *Arexvy*. Over time we expect *Arexvy* to generate annual sales of more than £3 billion and 2024 sales to be driven by further penetration, initial roll out of the vaccine in Europe and Japan and expansion of *Arexvy*'s indication to at risk individuals aged 50-59 years.

Our shingles vaccine, *Shingrix*, also delivered another very strong performance in 2023, with £3.4 billion of sales. In Specialty Medicines, our HIV business grew strongly, up 13% CER, driven by acceleration in our oral two-drug and long-acting injectable regimens for treatment and prevention. We also saw good progress in respiratory with our market-leading IL-5, *Nucala*, up 18% CER. Lupus treatment *Benlysta* was also a major contributor up 19% CER. Overall, sales from new products launched since 2017 contributed more than £11 billion.

This level of performance helped us to generate free cash flow of £3.4 billion. As a consequence of this performance and momentum, we were also pleased to increase the dividend for the year to 58 pence per share.

## Pipeline strengthening

In R&D, we continued to make progress in 2023 both organically and through business development, as set out on pages 16 to 30. We delivered four major product approvals during the year: *Arexvy*; *Apretude* in HIV prevention; *Ojjarra* for myelofibrosis and *Jemperli* in first-line endometrial cancer. With 18 assets now in phase III or registrational studies, we are looking forward to further significant late-stage R&D milestones in 2024.

## CEO's statement continued

Targeted business development also continued to strengthen the pipeline and support future growth. Our activity in 2023 included the acquisition of Bellus Health and Aiolos Bio[1], which both further strengthen our respiratory pipeline, and the signing of licence agreements with Janssen and Hansoh Pharma, in infectious diseases and oncology.

### Upgrading our outlooks

In 2024, we expect another year of meaningful growth of sales, adjusted operating profit and EPS. We have also upgraded the outlooks we previously gave for the period 2021-2026, and 2031.[2]

This is all because of the progress we have made to develop our portfolio and pipeline.

Alongside our current growth drivers, we are now planning for at least 12 major product launches from 2025, most of which will be in the next four years.

This includes new potential vaccines for meningitis, influenza, pneumococcal disease and herpes simplex virus (HSV); potential medicines for long-acting HIV treatment and prevention; a potential functional cure for hepatitis B, bepirovirsen; and a new portfolio of potential anti-infective treatments, including gepotidacin. We also have potential new medicines for respiratory diseases with high burden and unmet need: depemokimab and camlipixant. And finally, in oncology, we have further potential indications for *Jemperli* and potentially CD226 targeting a variety of cancer types.

Our upgraded outlook for 2021-2026 is for sales to grow more than 7% and adjusted profit by more than 11%, on a CAGR basis. And by 2031, we now believe we can deliver more than £38 billion of sales. This is an increase of £5 billion versus the estimate we gave in 2021 of more than £33 billion, and represents a marked acceleration as, in effect, we now expect to reach our original 2031 goal by 2026, five years earlier.

We will continue to focus strongly on margin improvements, while retaining flexibility to invest in growth. And we will keep working to deliver more, as it is important to emphasise that none of our forecasts include anticipated business development, further progress in our early-stage pipeline, or additional productivity improvements.

All of that points to a strong outlook for GSK with sustained growth through the decade.

### Building trust

We are committed to making GSK a place where talented people can thrive, with a culture where we are all ambitious for patients, accountable for impact and do the right thing. It was very positive that engagement scores remain high, at 81%, in our latest employee engagement survey.

Operating responsibly remains core to GSK. We aim to continue delivering sector-leading ESG performance, as recognised in our latest ranking as sector leaders of the S&P's Global Corporate Sustainability Assessment. This reflects strong progress across our six core ESG areas: Access to healthcare, Global health and health security, Environment, Diversity, Equity and Inclusion, Ethical standards and Product governance.

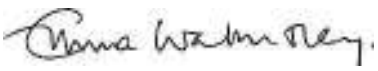
We have long-term goals and key metrics in place for all these areas, and our overall performance rating for 2023 was 'on track,' based on 95% of metrics being met or exceeded. Highlights for the year included, moving to phase III development for our low-carbon *Ventolin* inhaler programme, achieving our leadership diversity aspirations two years early, and Gavi confirming the roll out of our malaria vaccine, *Mosquirix*, in up to 12 countries in Africa. Further details are set out on pages 45 to 55 and in our published standalone ESG Performance Report.

### Clear momentum as we look ahead

In conclusion, GSK has strong momentum and improving outlooks. As a standalone biopharma company, with expertise in developing innovative vaccines and medicines, we have enormous opportunity to prevent and change the course of disease for hundreds of millions of people.

All of this bodes well. Equally, we also know there is much to be done. We remain very focused on delivering this potential – and more – at continued pace for patients, for shareholders and for our people.

Finally, as ever, it is our people who fuel this momentum and I want to thank them for all they have achieved during 2023. I am very optimistic for the future and excited by what we can achieve, to get ahead of disease, together.



**Emma Walmsley**
Chief Executive Officer

(1) Closed in early 2024.
(2) See 'Guidance and outlooks, assumptions and basis of preparation related to 2024 guidance, 2021-26 and 2031 outlooks' on the inside back cover and FY 2023 results slides on gsk.com

# Business model

We unite science, technology and talent to get ahead of disease together for health impact, shareholder returns and thriving people.

## Central to our success are our people: experts in science, technology, manufacturing, regulation, intellectual property and commercialisation...

**70,200**
GSK people

**>75**
countries worldwide

**22,000**
suppliers working directly with GSK

**£6.2bn**
R&D investment in 2023 – up 13% AER, 14% CER[1]

**37**
manufacturing sites

**4**
global R&D centres in the US, UK, Belgium and Italy

## ...who are identifying, researching, developing and testing ground-breaking discoveries, and manufacturing and commercialising...

### Vaccines
Our broad vaccines portfolio targets infectious diseases at every stage of life, helping to protect people from meningitis, shingles, RSV, flu, polio and many more.

### Specialty Medicines
Our specialty medicines prevent and treat diseases, from HIV and respiratory diseases, to immune-inflammation diseases like lupus, to cancer. Many are first or best-in-class.

### General Medicines
We have a portfolio of more than 150 primary care medicines, including our inhaled medicines for asthma and COPD, and antibiotics for infections.

## ...products that prevent and treat disease, improving the health of millions of people around the world in our core therapeutic areas...

### Infectious diseases
Our infectious diseases portfolio is the broadest in the industry and, including HIV, accounts for two thirds of our pipeline.

### HIV
We are leaders in HIV, focused on ending the global epidemic. We have an industry-leading pipeline, driven by patient insights.

### Respiratory/ immunology
We're pushing the frontiers of respiratory science and harnessing the science of the immune system to transform patient outcomes in areas of unmet need, based on decades of innovative research.

### Oncology
We have an emerging portfolio focused on blood and women's cancers, and are seeking to make transformative breakthroughs in immuno-oncology.

(1) Total R&D expenditure includes intangible asset amortisation and impairments plus immaterial amounts of major restructuring and other costs.

## Business model continued

## ...powered by technology...

### Pipeline

We are leveraging new platform and data technology at every step of the R&D process to be faster, more effective, and more predictive in discovering and developing innovative new medicines and vaccines.

### Performance

We use technology to enable more productive and efficient manufacturing processes, supply chain reliability and returns on investment.

### People and productivity

Technology is also core to how we work. We ensure our people have the tools, analytical capabilities and resources to make data-driven decisions and do their best work.

## ...steered by our long-term priorities...

### Innovation

We develop and launch new medicines and vaccines where they are needed, with better and faster R&D.

### Performance

Our bold ambitions for patients are reflected in our upgraded growth outlooks to 2026 and 2031.

### Trust

We focus on issues where we can have the greatest impact and reduce pressure on health systems including tackling health challenges and inequities, protecting the environment and taking action on diversity, equity and inclusion.

## ...and creating value for:

### Patients

**2.3bn**

packs of medicines and doses of vaccines delivered

### Shareholders

**58p**

per share dividend

### Society

**£1.3bn**

corporate income tax paid; in addition we pay duties, levies, transactional and employment taxes

### The economy

Disease prevention and earlier intervention to improve health can lessen pressure on health systems and support economic productivity.

### Our people

We support all our people to grow, be well and do work that really matters.

### Reinvestment

The returns we make enable us to reinvest in discovering and developing new vaccines and medicines so we can continue getting ahead of disease.

Company directors are required by law to promote the success of their organisation for the benefit of both shareholders and their wider stakeholders, including employees, suppliers and the community. Information on the issues, factors and stakeholders that the Board considers relevant to complying with Section 172 (a) to (f) of the Companies Act 2006 is in the Section 172 statement of the Corporate governance section on page 123.

+ Our business model is supported by our ESG strategy, described on page 46

+ Our strategy is supported by a robust framework for monitoring and managing risk, see page 57

# Our external environment

Five major themes influenced our external environment in 2023. Here, we set out what they mean for us and how we are responding.

## Economic growth shows resilience but pressure continues on public finances

The global economy proved to be more resilient than expected in 2023. But the recovery remained relatively fragile and uneven, with prospects diverging between regions.

Many countries continued to grapple with persistent inflation, driven by factors including tight labour markets. Several major central banks responded by increasing interest rates, adding to the burden of rising costs for consumers and businesses. Despite sticky inflation and a consequent tightening of monetary policy, the global economy continued to expand, albeit at a slower rate.

There were notable pockets of strength. America's economy grew in 2023, buoyed by sustained consumer spending and robust government spending associated with infrastructure investment legislation passed in 2021 and 2022. But this resilience was not always mirrored elsewhere. For example, forecasts for the eurozone were revised downwards, as the region continued to feel the impact of weaker demand and higher costs.

Amid rising levels of debt and political volatility, global growth prospects remain tepid.

Public spending – including on health – remains under strain. Governments face unprecedented pressure on their finances due to a string of economic shocks, sustained sluggish growth and higher debt. Higher interest rates are now making it more challenging to service those debts. This is compelling governments to make tough choices about where to direct spending.

**3%**

Global growth was forecast to slow to 3% in 2023.[1]

## Geopolitical tensions fuel shifting alliances

Fragmentation and regionalisation continued to grow in 2023, with ongoing conflicts in Ukraine and the Middle East focusing ever more attention on political alliances.

Tensions between China and the US remained, with new export controls and investment screening mechanisms emerging on both sides, particularly focused on critical minerals, AI, semiconductors and biotechnologies. But there were signs of relations improving between the two nations, with their presidents meeting for the first time in a year on the sidelines of the Asia-Pacific Economic Cooperation summit.

New alliances also emerged, potentially shifting the weight and influence of various blocs. A summit in August saw the BRICS group of countries widen its membership, for the first time since 2010, inviting six further countries, including Saudi Arabia and Iran, to join.

As countries look to diversify and de-risk their supply chains in strategic sectors including biopharmaceuticals, many are looking towards India as an alternative supplier to China. Yet against this backdrop, activity in China's biopharmaceutical sector is resilient, recognising the acceleration of Chinese innovation and growth potential.

More low and middle-income countries capitalised on global policy forums, such as the UN General Assembly, to set the agenda on issues related to health, new technologies and industrial development. With more diverse voices on global platforms, inequality is seen as a critical issue where governments must collectively make progress. In healthcare, there are debates around the best measure of widening access, with attention on equitable distribution of the infrastructure, capability and know-how to make health products, while protecting intellectual property rights and efficient supply chains.

**>25%**

In August 2023, six further countries were invited to join the BRICS group. The combined economies of an enlarged group would be worth more than $28.5 trillion – more than a quarter of the world's economy.[2]

(1) https://www.imf.org/en/Blogs/Articles/2023/10/10/resilient-global-economy-still-limping-along-with-growing-divergences.
(2) https://www.bbc.co.uk/news/world-66525474

## Our external environment continued

## Changing demographics create opportunity for innovation and prevention

Pressures on health systems continued into 2023 amid ongoing efforts to recover and rebuild in the aftermath of the COVID-19 pandemic. Populations are ageing, bringing more complex health needs. Chronic diseases are taking an increasing toll while infectious diseases remain a significant threat.

The individual impact of changing demographics and disease patterns extends to societies and economies at large. Poor health is a significant drag on economic growth. Every year, poor health costs around 15% of global real GDP from premature deaths and lost productive potential among working age people[1]. In the UK alone, 131 million working days are estimated to be lost each year due to illness.[2]

Despite the potential to improve individual outcomes and boost economic productivity through investing in health, particularly through prevention and earlier intervention, governments continued to look for cost savings in health systems. The US progressed implementation of the Inflation Reduction Act (IRA). This included selecting the first 10 drugs for potential price cuts under a new programme enabling Medicare to negotiate the price of some of the costliest medicines. While this could potentially limit future innovation and access to currently available medicines, the IRA does bring meaningful benefits to certain Medicare patients, such as access to vaccines without having to bear part of the cost.

The EU also took forward legislation that could test pharmaceutical innovation and competitiveness. Meanwhile, the UK agreed a five-year deal aimed at reducing medicine costs for the NHS by setting an annual limit on the allowed growth in sales value of branded medicines.

Even as governments sought ways to cut medicine costs, they continued to look to the biopharma industry to be a driver of innovation and economic growth, with the US President's State of the Union address underlining an appetite for more and better treatments, particularly in cancer. This highlights the potential for the biopharma industry to be a partner in recovery, harnessing science and technology to provide solutions that help prevent and change the course of disease and bring value to individuals, health systems and societies.

**1.6bn**

Societies are ageing, bringing different health challenges. The number of people aged 65 years or older worldwide is projected to more than double, rising from 761 million in 2021 to 1.6 billion in 2050.[3]

## Balancing potential of tech and data with appropriate use

Rapid advances in science and technology continue to shape the life sciences sector and R&D. Established technologies such as small molecules and vaccines remain key. Emerging technologies, such as MAPS and DNA/RNA therapeutics, including oligonucleotides, are gaining ground and building market share. Major biopharma companies continue to increase their focus on artificial intelligence and machine learning (AI/ML) to accelerate drug discovery. Progress hinges on diverse patient data being available for computational research, in particular genomic data, linked to health information held in clinical records.

Revolutions in data and technological capabilities open up new possibilities for patients through advances in drug discovery, as well as enhancing manufacturing and supply of medicines. But the possibilities for improving health outcomes need to be balanced with appropriate regulation that supports innovation and ensures responsible use by those who develop the technology, as well as those who use and apply it. During the year, the debate around regulation of AI gathered pace as governments stepped up their efforts to examine the technology's promise and risks.

In the first legislation of its kind, the EU passed the AI Act in June 2023, taking a stringent approach that does not consider context-specific use of AI in healthcare. The US and the UK continue to consider how to place appropriate guardrails around the use of AI, while supporting innovation and considering implications for specific sectors. At a landmark summit in November 2023, the UK, EU, US, Australia and China all agreed to work together on AI safety research.

**$45bn**

In the last five years, biopharma has entered into collaborations with AI companies which are estimated to be worth more than $45 billion.[4]

(1) www.mckinsey.com/industries/healthcare/our-insights/how-prioritizing-health-could-help-rebuild-economies
(2) www.cbi.org.uk/media-centre/articles/boosting-workforce-health-can-help-the-uk-achieve-economic-growth-ambitions-says-cbi/
(3) www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2023/01/WSR_2023_Chapter_Key_Messages.pdf - Chapter Key Messages_WSR 2023 (un.org)
(4) www.accenture.com/content/dam/accenture/final/accenture-com/document-2/Accenture-Tech_Vision_Biopharma_Accenture-Merging%20atoms%20and%20bits%20in%20Life%20Sciences_V14.pdf

## Our external environment continued

# Pressure increasing on climate and nature action

Economic pressures and political realignments are influencing how countries approach global challenges that need collective action, including climate change and nature loss. The Intergovernmental Panel on Climate Change issued a 'final warning' in March 2023 to keep the 1.5°C degrees target within reach,[1] setting out the urgency for sufficient and swift climate action. Some regions see the need for climate action as an opportunity to use green policies as a lever for growth. For example, the European Commission set out a Green Deal industrial plan to make Europe a centre for clean technology and innovation.

But as policy makers tackled rising inflation and increased living costs, climate targets came under pressure. The UK softened its net zero policies and EU environment ministers did not increase their target for reducing greenhouse gas emissions, after opposition from some member countries.

At the international climate conference COP28 in Dubai, countries committed to transition away from fossil fuels and to triple renewable energy capacity. It also saw the climate-health agenda given more prominence than ever before, with 123 governments endorsing the COP28 Declaration on Climate and Health.

Companies continue to take action to reduce their climate impact and protect their business model, taking steps to ensure their products and supply chains remain resilient to the consequences of climate change. Scientific evidence of the link between climate change and human health means we continue to see high expectations of the healthcare sector to both reduce carbon emissions and respond to the health impacts of climate change. During the year, biopharma companies stepped up their commitments, including to strengthen locally led adaptation and health resilience programmes for vulnerable communities affected by climate change.

There's also a growing focus on limiting nature loss. The Taskforce on Nature-related Financial Disclosures released its final recommendations in 2023, providing a risk management and disclosure framework for organisations to report and act on evolving nature-related risks.

See the Responsible Business section on page 45 and Nature-related Financial Disclosures on page 62.

**100**

In further evidence of a growing investor interest in nature, 'Nature Action 100' aims to mobilise institutional investors to establish a common agenda for corporate action on nature. It will focus on eight sectors, including biotechnology and pharmaceuticals.

# Our position

In a challenging economic and political landscape, it's critical that we invest in a pipeline of vaccines and medicines that prevent and change the course of disease, to meet changing and unmet healthcare needs. At the same time, we have to work with governments, regulators and industry partners to make sure these medicines and vaccines can reach patients at scale, bringing value to both the people who need them and to payers.

Scientific innovation is a critical lever to improve health, boost productivity and economic growth, and ease the strain on health systems. We continue to work with our peers and governments to make sure that the policy and regulatory environment stimulates and sustains innovation.

This includes, for example, advocating for appropriate IP protections; a balanced regulatory framework that supports the discovery and delivery of vaccines and medicines developed through emerging technologies; and reinforcing the importance of global, diversified supply chains.

As the pricing environment becomes tougher, we believe we're well placed to offer a differentiated, high-value pipeline across prevention and treatment of disease. This is built on using transformational new technology and techniques to make our R&D faster and smarter. Demand for data and real-world evidence to support continued reimbursement of new products is likely to increase.

We continue to work with payers to design innovative solutions that manage their risk and uncertainty, while also recognising the full health, social and economic value of innovative medicines and vaccines.

Populations are ageing, infectious diseases are still spreading and chronic diseases are taking a greater toll. All of this is creating unsustainable pressure on health systems. More than ever, we believe that getting ahead of disease is the best investment – for patients, carers, communities, health systems and economies.

We'll continue to work with governments, payers and partners to move towards new models of care that enable earlier action to prevent, diagnose and treat disease. Together, we have an opportunity to rethink health – not just to treat sickness, but to invest in keeping people well.

**For more on why and how prevention underpins our purpose to get ahead of disease, see page 13**

(1) https://sciencebasedtargets.org/blog/ipcc-releases-final-warning-to-keep-1-5-c-within-reach

# At GSK, we believe prevention is the best medicine

Prevention is at the heart of getting ahead of disease – preventing ill health in the first place and stopping disease in its tracks.

## Why is prevention important?

**Health systems are stretched and health needs are evolving as demographics and disease patterns change.**

**>3 million**

premature deaths among people under 75 could have been avoided through better prevention and healthcare interventions across OECD countries in 2019. This amounts to over a quarter of all deaths. (source: OECD)

**$1 trillion**

loss in productivity each year in the G20 from preventable conditions among people aged 50-64. (source: ilcuk)

**$7 trillion**

In the US alone, health spending is projected to reach almost $7 trillion by 2030. (source: CMS)

**Prevention and earlier intervention offer a solution to these challenges, helping to improve people's health outcomes – and bring benefits to health systems and economies.**

**$12 trillion**

could be added to global GDP by 2040 by improving health. Around half of the annual economic benefits would come from a larger and healthier workforce. (source: McKinsey)

## What does prevention mean to us?

Preventing and changing the course of disease is at the heart of what we mean by getting ahead of disease together. By harnessing our science and technology, we have an opportunity to prevent disease in the first place, as well as change the course of a disease – helping to prevent or slow progression of an illness and limit long-term complications.

**Prevention is a focus across our pipeline and portfolio including:**

### Vaccines

We've built one of the broadest vaccine portfolios in the industry to help protect people at all stages of life, from childhood to older age. With our wide range of vaccine technologies like MAPS, mRNA and adjuvants, we can take a targeted approach, allowing us to develop tailored vaccines for different diseases and individuals – see page 18.

### HIV

For decades, we've transformed the lives of people living with HIV by making breakthroughs in treatment and prevention. We're focusing research on novel treatment options that allow people living with HIV to take fewer drugs or take them much less often, and we've also developed a long-acting regimen that can prevent HIV – see page 22.

### Severe asthma

Our decades of experience in respiratory care have led us to create treatments that could bring patients closer than ever before to remission for severe asthma. This could free them from exacerbations (attacks) that cause cumulative lung damage and could potentially avoid hospitalisation – removing the need for oral corticosteroids, stabilising lung function and controlling symptoms – see page 23.

### Hepatitis B

Using the latest AI/ML techniques, our scientists have identified biomarkers to help work out which treatment combinations fit which patients. This potentially increases the likelihood of achieving 'functional cure' – when the virus is no longer present in the blood, and liver functions have normalised, stopping any future damage – see page 19.

**We believe that preventing and getting ahead of disease is the best investment for everyone – for patients, carers, communities, health systems and economies.**

We want to work with patients, policy makers and our peers to stop disease in its tracks, creating the right conditions to champion prevention and enable timely, proactive access to preventative interventions.

# Our culture and people

## Our purpose – to unite science, technology and talent to get Ahead of disease Together – puts our people at the heart of our success.

### Our culture

We are committed to making GSK a place where people can thrive, with a culture where we are all ambitious for patients, accountable for impact, and do the right thing. This means we support our people to do things better and faster, focusing on what matters most. It means setting clear objectives, creating accountability for results and giving everyone the support and space they need to succeed. It means doing everything responsibly with integrity and care, because people and patients around the world count on us. Our culture is embedded in everything we do from our recruitment and onboarding, training and development, to our assessments of performance and promotion.

Our Code sets out our culture as well as the commitments GSK and our people make so we can deliver on our ambition in the right way. Our people sign up to The Code annually and personally commit 'I'm in'.

+ **See The Code on gsk.com**[1]

### Helping people thrive

Making GSK a place where people thrive is core to our Ahead Together ambition. While thriving is different for each individual, there are common themes that matter to everyone. Firstly, a belief in our purpose and a desire to live our culture and contribute to delivering our ambition. Secondly, feeling included and able to be yourself with opportunities to keep growing, with the support, feedback and space needed to succeed. And finally, feeling good, with positive mental, physical, financial and social wellbeing. This means GSK should be a place where people feel welcome and valued, in an environment (including our policies, workplaces and ways of working) that enables and supports them to deliver at their best.

### Welcoming and developing outstanding people

We are committed to developing outstanding people and giving them opportunities to grow. We expect all our people to have an agreed development plan, regardless of grade or role, based on a conversation to understand what space and support they need to succeed. We continue to invest in learning and development initiatives which everyone can access through our Keep Growing Campus, our training and knowledge sharing platform.

Digital and technology remain core to our purpose and delivery of our ambitions. We have built our people's skills in this area with global events such as DataCon, where all employees can experience immersive sessions to see first-hand how to apply digital, data and tech tools including generative AI to become more digitally fluent. This year, more than 7,000 employees took part from every business unit and 28 countries. In our Data Academy, employees can access resources and online training. We've run programmes to develop our senior leaders' leadership skills in the digital age. We've also piloted a career hub using AI to match employees with mentors, projects and potential job opportunities. We will scale this up in 2024.

In 2023, we enhanced our onboarding experience for new joiners by introducing monthly live virtual sessions with our CEO and other senior leaders. By having access to senior global leaders from the beginning of their career with us, we aim to provide a more intimate connection to GSK and the patients we serve, creating emotional connection with our purpose, strategy and culture, to complement ongoing local onboarding activities.

### Supporting our people managers

Our people managers play a crucial role in helping their teams to thrive and connecting the contributions the team makes to the patient and GSK's broader impact. We expect people managers to motivate, focus, care for and develop their teams and we deliver training anchored in these four areas. In 2023 all of our VPs were invited to attend a four day in-person event called Leading Leaders, a programme to help leaders bring out the best in their teams and foster the culture we need to succeed together. We also continue to invest in growing the next generation of senior leaders to support our talent and succession needs through bespoke development interventions, equipping them with leadership skills for the future.

(1) https://www.gsk.com/en-gb/company/governance/compliance/#the-code

## Our culture and people continued

### Maintaining momentum on diversity, equity and inclusion

We are continuing our focus on building a more diverse organisation and an equitable and inclusive culture so that everyone feels welcome, valued and included. By taking steps to ensure equal opportunity and non-discrimination, we are delivering on our ambition to make our leadership and teams more diverse and inclusive. We support development for all with numerous offerings for our employees, including an award-winning leadership development programme, Accelerating Difference. Also, all our people complete a mandatory DEI module as part of our annual training, this year focused on how to create an inclusive workplace so all our people can thrive.

For more details on our DEI aspirations, see the Responsible Business section on page 52.

### Health, wellbeing and volunteering

Our health and wellbeing benefits support people through different life stages and are fair and inclusive. These include: a global minimum standard of 18 weeks' parental leave for primary and secondary carers for all forms of family, a global minimum standard for care of a family member for end of life or serious health emergencies, insured benefits to include same-sex partners wherever possible, and mental health training – available to everyone. We have also enhanced our financial wellbeing support for employees by introducing the 'nudge' financial education platform in over 50 countries, helping people manage their finances and achieve their financial goals.

In 2023 we reignited volunteering across the company, focused on our ambition and charitable investment themes (Health for people, Health for the planet, Innovators for the future). All employees can volunteer for one or two days each year by taking part in team-based hands-on 'Together Days' or through skills-based volunteering. A smaller number of people can volunteer up to four days each year for selected skills-based volunteering projects.

### Performance with Choice

Performance with Choice, our approach to hybrid working for those in office-based roles (about a quarter of our people), allows the right balance of on-site and remote working. We are clear in our expectations that people take accountability to spend enough time together in person, while maintaining flexibility, to help us continue to build our sense of community and connectedness, enable development and achieve our Ahead Together ambitions. Data from our annual employee survey shows broad support for our approach and expectations.

### Recognising and rewarding our people

Sharing our success and recognising and rewarding our people equitably, not just on the progress we have made but how we have made it, continues to be an important part of our culture. In addition to our bonus scheme that rewards performance across the company, each year we award 10% of our people with extra 'Ahead Together' awards for delivering exceptional performance in line with being accountable for their impact, ambitious for patients and doing the right thing. And we identify 5% of people as having missed performance for those not delivering on their objectives or living the culture.

### How our people experience GSK

To ensure we continue to listen to our people, we regularly measure their experience of GSK as a place to work. This includes an annual survey for all employees featuring questions on engagement, confidence, inclusivity, our culture focus areas and trust priorities. We are proud that our engagement levels remained high at 81% in 2023. We also continue to see high scores with positive upward trends in confidence in delivery of our strategy and our culture focus areas – ambitious for patients, accountability for impact and doing the right thing – as well as measures of inclusion. In 2023 we expanded analysis of the survey to understand differences in employee experience across diverse characteristics. We continue to make good progress in creating a culture and workplace where people feel a sense of belonging and can thrive.

To measure the effectiveness of our global managers, their teams provide feedback through an annual One80 survey and managers receive anonymised aggregate feedback. In 2023, 78% of our managers were rated as highly effective by their teams.

# Research and development

We combine the science of the immune system with technology and outstanding talent to find new ways to prevent and treat the most challenging diseases, better and faster.

# Research and development

## Highlights

**71**
vaccines and medicines in the pipeline

**18**
in phase III/registration

**4**
major approvals

- *Arexvy*, the world's first RSV vaccine for older adults, approved in the US, EU and Japan
- *Apretude*, long-acting preventative treatment for HIV, approved as the first and only HIV prevention option in Europe
- *Ojjaara/Omjjara* approved in the US, EU and UK as the first and only treatment for both newly diagnosed and previously treated myelofibrosis patients with anaemia
- *Jemperli* approved in the US, EU and UK as the only frontline immuno-oncology treatment, in combination with chemotherapy, for patients with dMMR/MSI-H primary advanced or recurrent endometrial cancer
- *Shingrix* vaccine for shingles approved for people at risk over 18 in Japan and positive data from first efficacy trial in adults aged 50 and over in China
- Positive phase III data for our MenABCWY vaccine candidate, supporting filing in 2024
- US FDA Fast-Track designation for gonorrhoea vaccine candidate
- Targeted business development including acquisition of Bellus Health and Aiolos Bio[1] (respiratory), licence agreements with Janssen (infectious diseases) and Hansoh Pharma (oncology)

## Our R&D approach

Our R&D purpose is to unite science, technology and talent to get ahead of disease. This is how we discover and develop the vaccines and medicines that will transform people's lives.

In 2023, our R&D expenditure was £6.2 billion, up 13% AER and 14% CER on 2022, driven by investment across the portfolio. We've also strengthened our pipeline and technology capabilities through business development, seeking out new, differentiated opportunities in diseases with high patient need. We now have 19 vaccines and 52 medicines in development, many with the potential to be first-in-class or best-in-class.

In a revolutionary era of science and technology, we're making the most of rapid advances to drive the discovery and development of vaccines and medicines. Across our pipeline, we consider not just how we can prevent disease in the first place, but also intervene and treat earlier to change its course, preventing or slowing progression of an illness and limiting longer-term complications.

## Focusing on execution, technology and culture

Our priorities in R&D are:

- execution, to accelerate our pipeline, including with business development, to deliver innovative vaccines and medicines, see page 18
- technology, to deliver more innovation, better and faster, using new platform and data technologies that speed discovery and development and improve the chance of success, see page 27
- culture, to create an agile, innovative environment that's ambitious for patients and attracts the best people, scientists and partners, see page 29.

**For more on why and how prevention underpins our purpose to get ahead of disease, see page 13**

(1) Closed in early 2024.

Research and development continued

# Execution

**Pipeline acceleration and business development for transformational vaccines and medicines.**

Our broad portfolio and pipeline, based on the science of the immune system and the use of new platform and data technologies, continues to strengthen, with key milestones across our core therapeutic areas in 2023. This positive momentum, together with further business development, underpins our confidence in delivering our upgraded growth outlooks for the medium and long term.

Across all phases, our pipeline now has 71 vaccines and medicines. More than 70% modulate the immune system and a similar proportion are based on genetic evidence.

In 2023, we began eight phase I programmes, moved 14 assets into phase II and three into phase III. Since 2016 our development cycle times have shortened by 20%, or 3.7 years, with a median of 9.6 years, compared to the industry's 11.4 years.

We're investing heavily in our late-stage pipeline to drive growth in line with our therapeutic area strategies. We rigorously evaluate our early-stage portfolio to back the right programmes to maximise our impact on health and unlock pipeline value.

Reflecting our progress in 2023, we are now planning for at least 12 major product launches from 2025.

In 2023, we reinforced our status as a world leader in infectious diseases. We gained approvals in the US, EU and Japan for our world-first respiratory syncytial virus (RSV) vaccine for older adults, *Arexvy*, and in Japan for our shingles vaccine, *Shingrix*, for people at risk over 18.

In HIV, we're reshaping treatment and prevention by delivering long-acting regimens, such as *Apretude*, approved in Europe for HIV prevention in 2023. In oncology, we're optimising our portfolio, focusing on blood and women's cancers, and breakthroughs in immuno-oncology. In 2023, there were approvals for *Ojjaara*, the first treatment specifically indicated for myelofibrosis patients with anaemia and *Jemperli*, our frontline treatment for endometrial cancer. We also had positive phase III results for *Blenrep*, our treatment for multiple myeloma.

Business development is a critical contributor to growth, creating extra value for patients, partners and shareholders. Major deals include our acquisition of Bellus Health and Aiolos Bio[1] and new collaborations including with Janssen and Hansoh Pharma which we believe will bolster our existing strengths across our therapeutic areas.

We focus on four therapeutic areas:

- infectious diseases, see below
- HIV, see page 22
- respiratory/immunology, see page 23
- oncology, see page 25.

# Infectious diseases

**Infectious diseases affect everyone, everywhere, putting a major strain on societies and healthcare systems. Our combined expertise in vaccines and medicines means we can focus on both prevention and treatment of infectious diseases, resulting in significant public health benefits, reduced deaths and increased productivity. Two thirds of the vaccines and medicines in our pipeline address infectious diseases (including HIV), and we're a world leader in this area.**

- Infectious diseases are responsible for an estimated one in six deaths globally.
- Around one billion people are infected every year by viruses like RSV, influenza virus and SARS-CoV-2 and many need hospital treatment.
- Millions more struggle with bacterial and fungal infections or live with chronic viral conditions like hepatitis B (hep B) and HIV.
- Vaccine-preventable diseases impose significant medical and economic costs related to treatment and to cover resulting productivity losses.

For over 70 years, we've pioneered novel research methods and technologies to help protect people against infectious diseases including: chronic infections (hepatitis B, HIV, shingles), seasonal infections (RSV, influenza), common childhood diseases (measles), rare but devastating conditions (meningitis) and a range of bacterial infections made more challenging by antimicrobial resistance (AMR); as well as diseases which predominantly affect lower-income countries (malaria, TB, rotavirus). Of the more than 2.5 billion people we reach this decade, a significant majority will be through our infectious disease portfolio, which is the broadest in the industry.

In 2023, key highlights have included approvals for *Arexvy*, our world-first RSV vaccine for adults aged 60 and above, and positive phase III data for our pentavalent meningitis vaccine candidate.

(1) Closed in early 2024.

## Research and development continued

### Tackling RSV with the world's first *Arexvy* vaccine

- Around 470,000 older people each year face hospital stays because of RSV.
- People with underlying conditions like chronic obstructive pulmonary disease (COPD), asthma, diabetes and heart disease are at increased risk of the severe outcomes of RSV, such as pneumonia.
- Around 14,000 people a year die from RSV in the US, and in the EU the figure is closer to 20,000.

In 2023, *Arexvy* was approved in the US, EU, Japan and several other countries for the prevention of lower respiratory tract disease caused by RSV in adults aged 60 and older. This followed positive phase III data published in the New England Journal of Medicine which showed exceptional efficacy in older people, including those with certain underlying medical conditions, and against severe RSV. In 2023, we reported data from season two of our ongoing phase III trial showing vaccine efficacy over two complete RSV seasons. The clinical development programme will continue to evaluate longer-term follow-up and the optimal timing for potential revaccination.

In the US, following approval by the US Food and Drug Administration (FDA), the US Centers for Disease Control and Prevention's Advisory Committee on Immunisation Practices recommended that adults 60 years of age and older may receive a single dose of the vaccine using shared clinical decision-making.

*Arexvy* is now available across the US, Canada and multiple European countries. Regulatory reviews in other countries are ongoing, with approvals and launches expected throughout 2024 and beyond.

In 2023, we also reported positive preliminary data from a clinical trial in people aged 50 to 59 at increased risk of RSV showing non-inferior immune responses compared to adults aged 60 and older. Based on these data, in February 2024, the US FDA accepted a regulatory application under Priority Review to extend the vaccine's indication for adults aged 50-59 at increased risk. Regulatory submissions for adults aged 50-59 were also accepted by the European Medicines Agency and the Japanese Ministry of Health, Labour and Welfare. In 2024, we expect to generate further data in people aged 18 and older at increased risk of RSV, as well as from trials exploring co-administration with other adult vaccines including for shingles and pneumococcal disease.

### Expanding the use of our shingles vaccine

- One in three people develop shingles in their lifetime, sometimes with serious consequences like long-term nerve pain and loss of vision.

*Shingrix*, our vaccine to protect people from shingles, has launched in 40 countries for people over 50 and for people over 18 at increased risk of shingles. *Shingrix* was specifically designed to combine one of our adjuvants with an antigen selected to enhance a protective immune response, based on our understanding of the virus that causes shingles. This formulation helps overcome the natural age-related decline in immunity that can make protecting older people from infectious diseases challenging.

In 2023, *Shingrix* was approved in Japan for the prevention of shingles in people over 18 at increased risk, for instance due to immune suppression or immune deficiency. The vaccine has been approved in Japan for people aged 50 and older since 2018. The latest approval followed six clinical trials with people aged 18 or older at increased risk of shingles, including those who had undergone stem cell transplants or kidney transplants, or who had blood cancer, solid tumours or HIV. A regulatory application for this patient group was also accepted for review by the China National Medical Products Administration in February 2024.

In 2023, we reported data from the first-ever efficacy trial of *Shingrix* in China, which demonstrated 100% vaccine efficacy. These results come from the phase IV trial (ZOSTER-076), which evaluated the efficacy and safety of the vaccine in preventing shingles in adults aged 50 and older.

### Progressing towards a 5-in-1 meningitis vaccine

- Around 1.2 million people contract invasive meningococcal disease (IMD) each year, and one in six people diagnosed with it will die.
- At least one in five IMD survivors will have long-term disabilities including brain damage, deafness and nervous system problems.

Our meningitis ACWY vaccine *Menveo* and meningitis B vaccine *Bexsero* together protect against most forms of IMD. Our first-generation 5-in-1 vaccine candidate combines these vaccines, aiming to protect against the serotypes that cause most disease globally in a single vaccine. In 2023, we presented preliminary phase III data to the European Society for Paediatric Infectious Diseases showing the vaccine candidate performed statistically as well as *Bexsero* and *Menveo* in people aged 10 to 25. It's currently the only investigational 5-in-1 vaccine with data to show immunological effectiveness against 110 diverse meningitis B invasive strains in a trial.

Multivalent vaccines of this kind have the potential to support the WHO's strategy to eradicate meningitis by 2030. We also have a second generation 5-in-1 vaccine in phase II development, which aims to improve protection against B strains in broader age groups.

### Trials for our investigational medicine for chronic hepatitis B (CHB)

- Around 300 million people are living with CHB.
- Only about 10% of these people have a diagnosis, 5% receive treatment and almost a million die each year.
- Currently, patients take nucleoside/nucleotide analogues (NA), often for life, because they suppress the virus but rarely clear it.

For 35 years, we've been a leader in hepatitis B vaccination. Bepirovirsen, our triple-action antisense oligonucleotide, has the potential to be the cornerstone of functional cure for patients with CHB. It could eliminate the need for continued therapy, ultimately reducing the long-term risk of developing liver complications.

## Research and development continued

### Hope against hepatitis B

'I didn't know anything about hepatitis B until after my husband and I adopted our daughter, Maren, when she was just a few months old,' said Maureen, a hepatitis B caregiver and advocate.

'My heart broke as I watched my baby cry while receiving the injections and endure the resulting side effects.

There is no doubt that chronic hepatitis B can be scary – and the stigma makes it more so, but it doesn't have to be a lifelong burden – there is reason for hope.

I'm energised by ongoing research into new treatment options that could alleviate the burden of frequent and often invasive treatments for the management of chronic hepatitis B. There are people, including scientists at GSK, who are working towards finding a functional cure.'

Maureen and Maren

Bepirovirsen is the only single agent in phase III development that has shown a clinically meaningful functional cure response for patients with CHB receiving NA therapy, as demonstrated in the B-Clear and B-Sure clinical trials. As well as developing bepirovirsen in our phase III trials for patients receiving NAs, we are also exploring potential sequential therapy options with the aim of helping more patients achieve functional cure.

In October 2023 we announced an exclusive licence agreement for a phase II small interfering RNA-based therapeutic, originally developed by Arrowhead Pharmaceuticals. This provides a further opportunity to develop a potential novel sequential regimen to benefit a broader group of patients and potentially drive higher functional cure rates.

## Other infectious diseases

### Pneumococcal disease

- Pneumococcal disease is the name for any illness caused by the Streptococcus pneumoniae bacterium, which is a leading cause of acute bacterial diseases and an important area of growing antimicrobial resistance.
- Multiple licensed pneumococcal vaccines are available, however the burden of pneumococcal disease remains significant.
- In the US alone, it is estimated that pneumococcal pneumonia causes 150,000 hospitalisations every year.
- The WHO estimates that about one million children die of pneumococcal disease every year.

Our novel 24-valent vaccine candidate (currently in phase II development) and 30 plus-valent pneumococcal vaccine candidate (currently in pre-clinical development), added to our pipeline through our 2022 acquisition of Affinivax, both incorporate innovative MAPS platform technology.

MAPS potentially enables higher antibody responses against more disease-causing serotypes for broader and stronger protection (see page 27). We continue to examine potential acceleration options in the 24- and 30-plus valent programmes for infants and adults.

### Herpes simplex virus

- Genital herpes is a chronic sexually transmitted infection caused by herpes simplex type 1 (HSV-1) and herpes simplex type 2 (HSV-2) viruses.
- Worldwide, an estimated 683 million people aged 15 to 49 are living with HSV-2 or genital HSV-1 infection.
- Many patients suffer frequent outbreaks along with psychological morbidity, stigma and a threefold increase in the risk of acquiring HIV.

GSK 3943104 is our candidate against HSV that contains HSV antigens complemented with an adjuvant, designed to stimulate immune responses in people already infected with HSV. Following the successful completion of a phase I first-time-in-humans study, a phase II first-time-in-patients proof of concept trial started in late 2023 and is assessing two formulations in adults with a history of genital herpes outbreaks. If successful, we hope that this could help better control symptomatic outbreaks and viral shedding while mitigating the associated emotional burden and improving quality of life for people living with genital herpes.

### Influenza

- Influenza remains one of the world's greatest public health challenges.
- Every year, there are an estimated one billion cases around the world, many resulting in severe illness and death.

## Research and development continued

Our adjuvanted pandemic influenza vaccine has been extensively studied and consists of egg-based antigen and pandemic adjuvant AS03. We have agreements with the US, Canada, Europe and the WHO to provide at least 200 million doses of pandemic influenza vaccine in the event of a global health emergency.

Egg-based influenza vaccines are the backbone of worldwide efforts to limit the impact of seasonal influenza. Different platforms and technologies will continue to be needed in the future and we're committed to playing our part in meeting an important patient need.

We're exploring opportunities to develop mRNA-based influenza vaccines through our collaboration with CureVac. Building on positive phase I results for modified monovalent mRNA vaccine candidates that target COVID-19 and monovalent flu, we're developing a next-generation multivalent mRNA flu vaccine to protect against multiple influenza virus strains. Phase I/II trials are underway.

### COVID-19

Now that the acute phase of the COVID-19 pandemic is over, our focus is on next-generation platforms and combination vaccines that have the potential to protect against multiple seasonal respiratory viruses. In 2023, our COVID-19 mRNA development programme with CureVac progressed to a phase II clinical trial and we recently reported positive interim data for both the monovalent and bivalent vaccine candidates.

### Human papillomavirus

Human papillomavirus (HPV) is a common sexually transmitted infection affecting around 14 million people a year in the US alone. It often has no symptoms but can cause genital warts and several types of cancer. HPV is associated with nearly all (99%) cases of cervical cancer, which is the fourth most common cancer among women globally and causes an estimated 342,000 deaths each year. HPV also accounts for about 5% of all cancers worldwide, including 90% of anal cancers and 70% of oropharyngeal cancers. We're working with Innovax on a next-generation adjuvanted vaccine to protect against more types of HPV.

## Antibiotics and antimicrobial resistance

Antimicrobial resistance (AMR) is one of the world's top 10 health threats. It's estimated that, without action, AMR, including antifungal resistance, could contribute to 10 million deaths per year by 2050 and cause an economic loss of £100 trillion. Across our medicines and vaccines pipeline, we have more than 30 projects relevant to AMR, 12 of them targeting pathogens deemed 'critical' or 'urgent' by the WHO.

### Moving towards a potential treatment for uncomplicated urinary tract infections and urogenital gonorrhoea

- Over half of women are affected by uncomplicated urinary tract infections (uUTI) in their lifetime, with over a quarter suffering recurring disease.
- Despite concern over rising resistance to existing treatments, there's been no new class of antibiotics in uUTI for over two decades.

Our investigational antibiotic gepotidacin is a novel mechanism triazaacenaphthylene antibiotic for uUTI and gonorrhoea, discovered and developed by us, and part-funded by our partnership with the US Biomedical Advanced Research and Development Authority (BARDA). In 2023, positive phase III data showed it has the potential to be the first in a new class of oral antibiotics for uUTI in over 20 years. In the EAGLE-2 and EAGLE-3 phase III trials, which were stopped early for efficacy in November 2022 following a planned interim analysis, gepotidacin performed as well as nitrofurantoin, an existing first-line treatment for uUTI. In the EAGLE-3 trial, gepotidacin demonstrated statistically significant superiority over nitrofurantoin.

### Treating complicated urinary tract infections with tebipenem

Through our partnership with Spero Therapeutics, Inc., we have an exclusive licence agreement for tebipenem HBr, a late-stage oral carbapenem antibiotic with the potential to treat complicated urinary tract infections (cUTIs). In December 2023, the first patient was dosed in PIVOT-PO, our pivotal phase III trial for tebipenem. If approved, tebipenem HBr will address an unmet medical need for a novel oral antibiotic as an alternative to intravenous hospital therapy for drug-resistant cUTIs.

### Vulvovaginal candidiasis

In 2023, we also signed an exclusive licence agreement with Scynexis to develop and further commercialise *Brexafemme*, a US FDA-approved first-in-class antifungal treatment for vulvovaginal candidiasis (VVC) and for reducing the incidence of recurrent VVC. *Brexafemme* complements gepotidacin and tebipenem, and reinforces our commitment to developing new antibiotic and antifungal treatments in areas of high unmet medical need.

### Fast-tracking our gonorrhoea vaccine

- Gonorrhoea is the second-most prevalent bacterial sexually transmitted infection worldwide, with an estimated 82 million new cases each year.
- AMR to gonorrhoea has increased over the past 80 years, rendering many classes of antibiotics to treat the disease ineffective and making a vaccine even more important to the global effort to tackle AMR.

Our investigational Neisseria gonorrhoeae (NgG) vaccine, based on our generalised modules for membrane antigens (GMMA) technology, aims to protect people aged 16 and older. Currently in an ongoing phase I/II efficacy trial, NgG received a Fast-Track designation from the US FDA in 2023, accelerating its path to FDA submission. .

## Research and development continued

# HIV

**For decades, we've transformed the lives of people living with HIV by making breakthroughs in treatment and prevention. Our work to develop long-acting injectable medicines means that many only need therapy a few times a year, instead of once a day.**

- The WHO estimates there were approximately 1.3 million new HIV infections globally in 2022, with the burden greatest in sub-Saharan Africa.
- In the US, about two-thirds of people living with HIV are virally suppressed and there were more than 36,000 new diagnoses in 2021.
- There remains a pressing need for new approaches to treatment and prevention.

We work on HIV through ViiV Healthcare, which we majority own, with Pfizer and Shionogi as shareholders. ViiV Healthcare is the only company that is 100% focused on the treatment and prevention of HIV. Our goal is to leave no person living with HIV behind.

We've focused research on transforming the experience of people living with HIV through novel treatment options that allow them to take fewer drugs or take them much less often. We've also developed a long-acting regimen that can prevent HIV.

## Transforming patients' lives with long-acting regimens

*Cabenuva* (cabotegravir; rilpivirine) is the world's first and only complete long-acting injectable regimen to treat HIV. It means some patients have treatment only six times a year instead of taking medicine orally every day. Our SOLAR study data, announced in 2023, showed *Cabenuva* is as effective as daily Biktarvy tablets for treating HIV. The 12-month findings also showed that nine out of ten participants switching from Biktarvy to *Cabenuva* preferred the long-acting regimen.

*Apretude* (long-acting cabotegravir), launched in 2022, is the world's first and only long-acting injectable pre-exposure prophylaxis (PrEP) to reduce the risk of sexually transmitted HIV. Two large phase III studies demonstrated that *Apretude* was superior to daily oral PrEP (TDF/FTC) in men and women. And, in the open label phase, when given the choice, the majority of study participants chose *Apretude* over oral TDF/FTC.

The European Commission authorised *Apretude* in 2023 in injectable and tablet form. This followed a positive opinion from the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP). *Apretude* is also approved in Australia and South Africa, among many others.

## Looking to the future of long-acting treatment and prevention

Through a new formulation (reformulated CAB), we're now focused on progressing to injectable doses every four months, doubling today's interval for cabotegravir for treatment and PrEP, which would halve visits to the clinic to three times a year.

## The 40-year fight against HIV

The official start of the AIDS epidemic is considered to be June 1981, when the Morbidity and Mortality Weekly Report noticed that a rare pneumonia was being seen in previously healthy men who have sex with men.

It would be several years before HIV was identified as the underlying cause. Marty St Clair and other scientists at Burroughs Wellcome – a predecessor company to GSK – urgently began a search for a potential new medicine to treat HIV and AIDS. The group went on to develop Zidovudine, the first medicine, which was approved in the US in 1987.

Nearly 40 years on, Marty continues to work to treat and prevent HIV transmission in her role as clinical director for ViiV Healthcare. She is optimistic about the outlook for innovation in HIV.

'We've pretty much given people their lives back,' said Marty. 'It's a hopeful time.'

ViiV Positive Action outreach

## Research and development continued

We aim to make this a reality for prevention by 2026, with a registrational study starting in 2024. For treatment, we aim to deliver by 2027, by evaluating possible combinations of reformulated CAB with rilpivirine or our broadly neutralising antibody, N6LS. In 2023, we completed a study that combined N6LS with Halozyme's recombinant hyaluronidase (PH20) technology, which allows delivery of a larger volume of drug through subcutaneous dosing. This showed it's possible to deliver a single subcutaneous dose that's well-tolerated and can last up to four months.

Beyond this, six-monthly doses are our goal by the end of the decade by partnering our new integrase inhibitors, VH184 or VH310, with new-mechanism-of-action agents such as capsid inhibitors.

### Moving towards self-injected long-acting treatment

Our other main aim is to develop the world's first long-acting treatment that people living with HIV can inject themselves. This will allow individuals to dose at home and reduce the number of clinic visits. We are targeting dosing every two to three months, with efficacy and tolerability similar to *Cabenuva*.

In short, our goal is to develop new agents for HIV treatment and prevention that reduce the burden of treatment and allow people to have improved quality of life.

# Respiratory/immunology

**We've been leaders in delivering medicines that help manage asthma and COPD for over 50 years. Our research looks to harness the science of the immune system to develop medicines that reduce signs and symptoms of disease, address treatment resistance and slow the progression of immune-mediated conditions. These include lupus, severe asthma with an eosinophilic phenotype and other inflammatory diseases. We help millions of people with respiratory and immune conditions worldwide with our current portfolio.**

### Advancing the science and treatment of IL-5 mediated diseases

For more than 25 years we have been leaders in researching the roles that eosinophils (a type of white blood cell) and interleukin-5 (IL-5) play in health and disease.

- Eosinophil-driven diseases are associated with heightened levels of eosinophils. When eosinophils infiltrate certain tissues, they can cause inflammation and organ damage which, over time, can affect patients' day-to-day life.
- IL-5 is the major cytokine responsible for the proliferation, activation and survival of eosinophils, making it a proven treatment target for patients with higher levels of eosinophils.
- IL-5 mediated conditions encompass a range of diseases for which there have been few, if any, effective treatments. These include respiratory conditions like severe asthma with an eosinophilic phenotype, COPD and chronic rhinosinusitis with nasal polyps (CRSwNP), and rarer conditions like eosinophilic granulomatosis with polyangiitis (EGPA) or hypereosinophilic syndrome (HES).

Our research aims to redefine treatment goals across these conditions, going beyond optimal management of daily symptoms, to modify the course of disease. This could slow or halt disease progression, reduce the risk of organ damage and even mean some people could achieve clinical remission.

*Nucala* is a first-in-class anti-IL5-biologic (monoclonal antibody) that targets and directly inhibits IL-5. It is the only treatment in the US and Europe with indications in four IL-5 mediated diseases: severe asthma with an eosinophilic phenotype, CRSwNP, EGPA and HES. In 2023, the Japanese Ministry of Labour, Health and Welfare accepted for review a supplementary new drug application for *Nucala* to treat CRSwNP in adults. This submission is based on data from the pivotal phase III MERIT trial studying the safety and efficacy of *Nucala* in people with CRSwNP.

In January 2024, the China National Medical Products Administration approved *Nucala* as an add-on maintenance treatment for severe asthma with an eosinophilic phenotype. *Nucala* is the first targeted IL-5 treatment in China for adult and adolescent patients with the condition.

Depemokimab is our novel monoclonal antibody developed for its affinity for IL-5 and long-acting inhibition of the IL-5 pathological process, which includes suppression of eosinophil activity. It is the first potential ultra-long-acting anti-IL-5 biologic that treats a range of IL-5 mediated diseases. Our phase III programme continues to make progress across diseases including severe asthma, CRSwNP, HES and EGPA.

Currently, approved IL-5 inhibitors are dosed every four or eight weeks, while depemokimab is designed to be administered every six months, addressing the challenges commonly associated with more frequent dosing including adherence anxiety and emotional burden.

### Reaching a broader range of asthma patients

In early 2024, we acquired Aiolos Bio, Inc. The acquisition adds AIO-001, a phase II-ready, long-acting antibody that targets the clinically validated TSLP pathway to our respiratory pipeline. This could redefine the standard of care for asthma patients with dosing every six months. AIO-001 has the potential to expand our reach to a broader portion of asthma patients, including the 40% of severe asthma patients with low T2 inflammation where treatment options are still needed. In addition to the treatment of adult patients with asthma, AIO-001 also has the potential for

## Research and development continued

additional indications including chronic rhinosinusitis with nasal polyps.

### Progress towards a treatment for refractory chronic cough with camlipixant

- Approximately 28 million people suffer from chronic cough, with about 10 million worldwide suffering from refractory chronic cough (RCC) for over a year.
- RCC is a cough that persists for more than eight weeks and doesn't respond to treatment for an underlying condition or is otherwise unexplained.
- For decades there have been no effective treatments for RCC, with patients often suffering from depression, urinary incontinence, rib fractures and loss of sleep.

In 2023, we acquired Bellus Health, which included camlipixant, a potential best-in-disease and highly selective oral P2X3 antagonist currently in phase III development as a first-line treatment for adults with RCC. Current clinical data show that by selectively inhibiting P2X3 receptors, camlipixant may reduce cough frequency for patients suffering from RCC with a relatively low incidence of dysgeusia. This is the taste disturbance associated with other medicines that broadly target the P2X2/3 receptor. We expect data in 2025 from the phase III CALM development programme, evaluating the efficacy and safety of camlipixant.

### Treating systemic sclerosis with *Benlysta*

We continue to work to realise the full potential of *Benlysta*, our anti-B Lymphocyte stimulator (BLyS) monoclonal antibody, so that people affected by a range of immune-mediated conditions beyond lupus and lupus nephritis (LN) can benefit from its targeted mode of action, and reassuring safety profile.

Systemic sclerosis (SSc) is a rare autoimmune disease that causes atypical growth of connective tissues and can affect the musculoskeletal system, heart, lungs, kidneys, skin and other organs. Interstitial lung disease (ILD), marked by inflammation and scar tissue build-up in the lungs, affects as many as half of people living with SSc. Current treatment options are limited.

In 2023, the US FDA granted Orphan Drug Designation (ODD) to *Benlysta* as a potential treatment for SSc. The ODD is a special status granted to support development and evaluation of potential medicines to treat, diagnose or prevent rare diseases or disorders affecting fewer than 200,000 people in the US. We began a phase II/III trial for SSc-associated ILD in 2023. We will be exploring other potential studies in a wider range of potential indications in 2024.

*Benlysta* remains the first and only approved biologic for both systemic lupus erythematosus (SLE) and LN in more than 50 years. Its robust efficacy and long-term safety have been recognised in updated recommendations from the European Alliance of Associations for Rheumatology (EULAR) for the management of SLE and LN, endorsing earlier use in the treatment pathway. We plan a phase IV study in early 2024 to further inform the proactive management of lupus to prevent organ damage.

*Benlysta* has been approved for use in over 75 countries to treat adults with SLE. This has been extended to include children aged five and older with SLE in the US, Japan, the EEA countries, the UK and over 15 other countries.

*Benlysta* is currently approved to treat adults with LN in the US, all EEA countries, the UK and over 15 further countries. In the US, this indication includes children aged five and older with LN, and reviews for this continue in other countries.

### Remission could be possible for severe asthma

Shelby Gorman, a GSK employee, knows all too well the negative impact of severe asthma on a child's life. 'The doctor said to us – when was the last time you had a day when you felt good all day?', Shelby says. 'My daughter could not remember one day when she felt well ever, in her life.'

After many years of frequently being hospitalised due to exacerbations, Shelby's daughter, Joelle, received a more accurate diagnosis and started on an appropriate targeted treatment. For the first time she was able to live her life without respiratory infections and no daily antihistamines.

With our expertise in respiratory disease and deep understanding of the immune system, our scientists along with other global specialists are developing solutions to help some people with severe asthma achieve clinical remission.

Shelby and Joelle

## Research and development continued

# Oncology

**Cancer, one of the world's major causes of death, is a field where patients' needs are still widely unmet and treatment options remain limited. We have an emerging portfolio in oncology that is focused on seeking solutions for blood and women's cancers, and making transformative break-throughs in immuno-oncology.**

*Ojjaara* (momelotinib), *Blenrep* (belantamab mafodotin), *Jemperli* (dostarlimab) and *Zejula* (niraparib) are the strong foundation of our work in blood and women's cancers. Our goal is to realise the full potential of our existing medicines, as well as expand our portfolio in areas of high unmet need.

In 2023, we received approval in the US for *Ojjaara* our treatment for myelofibrosis. *Omjjaara* was then approved in the EU and UK in January 2024. We also received approval in the US, EU and UK for our immuno-oncology therapy *Jemperli* plus chemotherapy as a first-line treatment for endometrial cancer patients with a certain biomarker.

We continue to evaluate dostarlimab in studies that further reinforce our ambition for it to become the backbone of our ongoing immuno-oncology research and development programme.

## Blood cancers

### *Ojjaara*: helping myelofibrosis patients with anaemia

- Myelofibrosis (MF) is a rare blood cancer affecting around 25,000 people in the US.
- Nearly all MF patients will eventually develop anaemia, requiring regular blood transfusions and leading over 30% to stop treatment with established therapies.
- In addition to anaemia, patients can experience debilitating symptoms like night sweats, fatigue and bone pain, as well as an enlarged spleen (splenomegaly), bringing pain and inflammation and frequent infection risk.

*Ojjaara*, taken orally once a day, is the only medicine specifically indicated for newly diagnosed and previously treated MF patients with anaemia. It treats anaemia, along with the constitutional symptoms and enlarged spleen that accompany the disease. This means it potentially offers a new standard of care for patients, as established treatments can further exacerbate anaemia.

In September 2023, the FDA granted broad, line-agnostic approval for *Ojjaara* for the treatment of primary or secondary MF in adults with anaemia, regardless of previous MF therapy. This was followed by a positive CHMP opinion in November 2023 and approval by the European Commission, as well as MHRA approval, in January 2024. We've also submitted a new drug application in Japan.

### *Blenrep*: our treatment for multiple myeloma

- Multiple myeloma is the third most common blood cancer globally and is generally considered treatable but not curable.
- Approximately 176,000 new cases of multiple myeloma are diagnosed globally each year.
- Research into new therapies is needed, as multiple myeloma commonly becomes refractory to available treatments.

*Blenrep* is our antibody-drug conjugate treatment for relapsed/refractory multiple myeloma. Our DREAMM (Driving Excellence in Approaches to Multiple Myeloma) clinical development programme continues to evaluate the potential of *Blenrep* to address unmet need in early lines of treatment and in combination with novel therapies and standard of care treatments.

In November 2023, we announced positive phase III results from the DREAMM-7 trial, showing potential for *Blenrep* combination therapy to benefit patients in earlier treatment lines. Interim analysis of DREAMM-7 showed that patients receiving *Blenrep* in combination with bortezomib and dexamethasone (BorDex) lived longer without their disease progressing than those receiving daratumumab plus BorDex, an existing standard of care combination therapy. We are sharing this data with health authorities and the scientific community as we await the results from DREAMM-8, another phase III combination trial exploring *Blenrep's* potential in earlier therapy lines.

Also during 2023, health authorities continued to review existing monotherapy indications for *Blenrep* in later therapy lines based on the results of previous studies. This included in December 2023, the EMA recommending against renewal of the conditional marketing authorisation for its existing fourth line and later monotherapy indication.

## Women's cancers

### *Jemperli*: a backbone immuno-oncology therapy

- Endometrial, or uterine, cancer is the sixth most common cancer in women worldwide, with an estimated 417,000 new cases and 97,370 deaths in 2020.
- About 30% of endometrial cancer cases have a biomarker known as dMMR/MSI-H.
- Patients with this type of endometrial cancer have faced significant unmet need and typically experience poor long-term outcomes with standard of care chemotherapy.

In 2023, *Jemperli* became the only immuno-oncology treatment approved in the US, EU and UK in the frontline setting in combination with chemotherapy for patients with mismatch repair deficient or microsatellite instability-high (dMMR/MSI-H) primary advanced or recurrent endometrial cancer. In the RUBY trial supporting these approvals, *Jemperli* plus chemotherapy showed a 71% reduction in the risk of disease progression or death compared to chemotherapy alone.

## Research and development continued

In 2023 we announced two additional positive data readouts for the RUBY phase III trial. In part 1 of the trial, *Jemperli* plus chemotherapy showed statistically significant and clinically meaningful overall survival benefit compared to chemotherapy in the overall population of patients with primary advanced or recurrent endometrial cancer. *Jemperli* is the only immuno-oncology combination regimen to achieve this. Part 2 of the RUBY trial, which evaluated *Jemperli* plus chemotherapy followed by *Jemperli* plus *Zejula* for the treatment of primary advanced or recurrent endometrial cancer, demonstrated significantly improved progression-free survival compared to chemotherapy alone in both the overall and mismatch repair proficient/ microsatellite stable (MMRp/MSS) patient populations.

*Jemperli* is also approved as a stand-alone treatment for certain types of endometrial cancer. Earlier in 2023, the FDA converted the accelerated approval for *Jemperli* as a second-line treatment into a full approval as a monotherapy for adult patients with dMMR recurrent or advanced endometrial cancer, as determined by an FDA-approved test, that has progressed on, or following, a prior platinum-containing regimen in any setting, and who aren't candidates for surgery or radiation. The European Commission's conditional approval for *Jemperli* as a monotherapy for adult patients in the same patient population was also converted to full approval.

### *Zejula*: our PARP inhibitor for ovarian cancer and beyond

We continue to develop *Zejula* in multiple pivotal trials, assessing activity in gynaecologic cancers and other solid tumours and evaluating several potential combinations of *Zejula* with other therapeutics. Aiming to address the unmet medical needs of patients, the ongoing development programme includes the FIRST phase III trial assessing the potential for niraparib in combination with dostarlimab in first-line ovarian cancer maintenance and the ZEAL phase III trial evaluating niraparib in combination with standard of care for the maintenance treatment of first-line advanced non-small cell lung cancer. In addition, based on promising early clinical data for niraparib in glioblastoma in November 2023, we are exploring next steps for its clinical development in this type of cancer.

## Other cancers

### Colorectal cancer

- Cancers that start in the colon or in the rectum, both of which are distinct sections of the large intestine, are classified as colorectal cancers.
- Colorectal cancer is the second leading cause of cancer-related death and the third most common cancer worldwide, accounting for approximately 10% of all cancer cases.
- In 2020, it was estimated that worldwide, there were more than 1.9 million new cases of colorectal cancer and more than 930,000 deaths.

In January 2023, the US FDA granted dostarlimab Fast-Track designation for the treatment of dMMR/MSI-H locally advanced rectal cancer.

We also started our AZUR clinical trial programme studying dostarlimab in certain colorectal cancer indications.

AZUR-1 is a global, open-label, phase II clinical trial to investigate the efficacy and safety of dostarlimab as monotherapy – replacing chemotherapy, radiation and/or surgery – for treatment-naïve patients with dMMR/MSI-H locally advanced rectal cancer. If successful, there's potential to transform the treatment of some patients with locally advanced rectal cancer.

The trial aims to confirm results generated in a separate ongoing investigator-initiated trial by researchers at Memorial Sloan Kettering Cancer Center. In 2023, this trial reported that all participants treated with dostarlimab achieved clinical complete responses, enabling them to avoid surgery, chemotherapy and radiotherapy.

We also began our AZUR-2 trial, a phase III trial that evaluates the efficacy of perioperative dostarlimab monotherapy compared with standard of care adjuvant chemotherapy in patients with high-risk early stage dMMR/ MSI-H colon cancer. If approved, this could give patients a new chemotherapy-free option that reduces the risk of disease progression through dostarlimab treatment in both neoadjuvant and adjuvant settings.

### Lung cancer

- Lung cancer is the second most common cancer globally and the most common cancer in men.
- In 2020, there were more than 2.2 million new cases of lung cancer worldwide.
- The majority of lung cancers fall into a category called non-small cell lung cancer (NSCLC). While this form of lung cancer progresses more slowly, 40% of NSCLC cases will have spread beyond the lungs by diagnosis.

In 2023, we published data from our phase II PERLA clinical trial showing a favourable numerical trend in overall survival results for dostarlimab plus chemotherapy compared to pembrolizumab plus chemotherapy in first-line metastatic NSCLC. Data from the PERLA trial supports our ambition for dostarlimab to become a backbone immuno-oncology therapy when used alone and in combination with standard of care and future novel cancer therapies, including targets along the CD226 axis.

We have access to antibodies targeting all three known CD226 checkpoints – CD96, PVRIG and TIGIT. Our goal of studying these immune checkpoints in combination with dostarlimab is aimed at increasing the proportion of patients who respond to therapy and improving the durability of response. In 2023, our CD226 axis development programme continued with several early-phase trials underway, including GALAXIES Lung-201, our phase II platform study in first-line metastatic NSCLC that combines dostarlimab with belrestotug, our TIGIT antibody partnered with iTeos Therapeutics. GALAXIES Lung-201 will also explore a triplet combination with dostarlimab, belrestotug, and GSK6097608, our CD96 antibody.

In addition, our two phase III trials in NSCLC continued in 2023 with readouts expected in 2024:

- COSTAR Lung, our phase III, randomised, open-label three-arm trial is comparing investigational compound cobolimab plus dostarlimab plus docetaxel to

## Research and development continued

dostarlimab plus docetaxel to docetaxel alone in patients with advanced NSCLC who have progressed on prior anti-PD-L1 therapy and chemotherapy.

– ZEAL, our phase III, randomised, double-blind trial is assessing niraparib in combination with standard of care for the maintenance treatment of first-line advanced NSCLC.

### Pipeline growth through business development

In October 2023, we announced an exclusive licence agreement with the Chinese company Hansoh Pharma for HS-20089, its B7-H4-targeted ADC. This supports our work in developing treatments for ovarian and endometrial cancers, as well as solid tumours.

The B7-H4 surface antigen is over-expressed in ovarian and endometrial cancers and often associated with poor prognosis. As well as targeting B7-H4, HS-20089 uses clinically validated ADC technologies such as topoisomerase inhibitor payload (TOPOi). This is a validated mechanism of action in approved anti-cancer medicines and a proven standard of care in treating breast and ovarian cancers.

In December 2023, we added to our oncology portfolio of clinical-stage ADCs by entering a second exclusive licensing agreement with Hansoh Pharma for HS-20093.

HS-20093, a B7-H3 targeted ADC also utilising a clinically validated TOPOi payload, has shown promising initial clinical activity in lung cancer with potential to address unmet medical need in broader solid tumour indications including colorectal cancer.

# Technology

**New platform and data technology are fundamentally transforming how we discover and develop vaccines and medicines, speeding up discovery and development and improving the chance of success.**

Technology makes us more effective at every stage of the discovery and development process, so that we progress vaccines and medicines that are the first or best of their kind. Our early investment in these capabilities is already leading to differentiated, high-impact vaccines and medicines including a new vaccine for RSV, long-acting HIV prevention, and the prospect of a functional cure for chronic hepatitis B.

We combine the power of genetic data and genomic insights with the speed and scale of AI to make better predictions and increase the probability of new vaccines and medicines becoming available for patients. Our AI team – one of the largest in the industry – works with our genomics team to improve how we select disease targets, determine the best technology approach, and identify groups of patients where a treatment might work best.

We're not doing this alone. We partner with the world's best minds across academia and the tech and biotech industries – from large companies to small start-ups. This collaboration leads to new ways of thinking, so that together we can strive for the most innovative solutions for patients.

## Using platform technologies to discover and develop novel vaccines and medicines

One of the major challenges in addressing diseases where no vaccines or medicines currently exist is that they are difficult to treat with small molecules or biologics.

We're overcoming this challenge by investing in both our own innovation and in external collaborations to develop a range of platform technologies. With platform technology, we pair disease targets with the best treatment modalities, addressing diseases once thought to be too difficult to target with drug discovery.

These expand our ability to identify novel vaccine and medicine options to prevent or treat these diseases.

We are investing in platform technologies including:

**Multiple antigen presenting system (MAPS)**, which allows us to develop multivalent vaccines for complex bacterial infections by introducing T-cell mediated, disease-specific anti-protein immunity. This potentially enables broader coverage against certain disease types and higher immunogenicity than current vaccines, as well as higher antibody responses. We are developing MAPS through our 2022 acquisition of Affinivax. We've mainly directed MAPS at preventing pneumococcal disease, and it's part of our 24-valent pneumococcal vaccine candidate in phase II development (see page 20). This platform also shows promise against other pathogens, including those that cause hospital-acquired infections.

**mRNA,** which enables protein synthesis in the human body, carrying the information required for cells to produce proteins. By using mRNA technology for vaccine development, specific proteins, or antigens, can be produced by the body's own cells and elicit both humoral and immune responses, enabling the human immune system to prevent or fight disease. We're developing mRNA in-house in parallel with our collaboration with CureVac, a biopharmaceutical company developing therapies based on mRNA. We're currently developing RNA vaccines based on CureVac's second-generation mRNA backbone, with monovalent and bivalent COVID-19 vaccine candidates in phase II. A multivalent seasonal influenza vaccine candidate to protect against multiple strains is also in phase I/II (see page 20).

**Small molecule design,** paired with our own small molecule generative AI tools. Our system has the advantage of using known chemical reactions and building blocks to create large 'virtual libraries' of potential drug molecules for specific biological targets.

## Research and development continued

The molecules comprising these virtual libraries have the advantage of being easily synthesised and free from many of the known problems associated with small molecule drugs since they are filtered by a series of machine-learned molecular property models based on GSK historical data and clean public sources.

**Oligonucleotides**, which are short strands of DNA or RNA that can reduce, restore or modulate RNA through several mechanisms, giving them a unique capability to address a wide range of genomic targets in multiple therapeutic areas for the first time. Oligonucleotides currently in our pipeline include bepirovirsen for chronic hepatitis B; and GSK 4532990, a phase II programme for non-alcoholic steatohepatitis (NASH).

We also have two collaborations to build a leading oligonucleotide platform:

- In 2022, we entered a collaboration with Wave Life Sciences, which pairs our genetic expertise with Wave's PRISM, the only oligonucleotide platform offering three RNA-targeting modalities (editing, splicing and silencing, including siRNA and antisense). The collaboration helps us accelerate drug discovery for newly identified targets, by matching them to the best therapeutic modality.
- In 2023, we announced a partnership with Elsie Biotechnologies, Inc. The collaboration combines our expertise in DNA encoded library technologies with Elsie's drug discovery platform. Throughout the collaboration, we can exercise an option on a non-exclusive licence from Elsie for its discovery platform and P(V) chemistry technologies to use in our own oligonucleotide drug discovery research.

**Monoclonal antibodies**, are produced by a single clone of cells or cell lines and consist of identical antibody molecules that are meant to modulate a patient's immune system. We have all the platforms needed to make best-in-class monoclonal antibodies (like *Nucala*), bispecific antibodies, and antibody-drug conjugates (like *Blenrep*). We are also developing generative design capabilities based on increased use of next generation sequencing as well as public and proprietary protein structure tools. The structures designed using these tools are then realised using highly automated antibody synthesis, isolation, and purification processes.

**Adjuvants**, substances that enhance the body's immune response to antigens, which we use in *Arexvy* and *Shingrix*, our vaccines for RSV and shingles, and our HSV vaccine candidate, GSK 3943104. We are also working with Xiamen Innovax Biotech on a next-generation adjuvanted vaccine to protect against more types of HPV.

### Using genetic data to better understand disease and choose the right solutions for the right patients

With data technology, we combine AI/ML with human genetics and functional genomics to understand patients, human biology and disease mechanisms. This makes us better at choosing and prioritising targets, designing trials and bringing new vaccines and medicines to patients.

The combined power of biology and technology is profound and is reshaping the way science is done. For example, we now generate more data in one quarter than in our company's 300-year history and, by the end of 2024, we aim to bring predictive, real-time insight to inform 90% of our progression and development decisions in our research.

#### Combining AI, genetic and genomics for unexpected possibilities

We have built in-house teams dedicated to genomics and AI, including at our key R&D sites in London, Tel Aviv, San Francisco, Seattle, Philadelphia and Boston. Their expertise helps us collect more data, generate more ideas and arrive at unexpected possibilities. They're bringing us closer to finding vaccines and medicines for diseases that once felt outside our reach, making our research process faster, more effective, and more predictable.

We have invested to build a world-class research data platform, which includes one of the world's most comprehensive large language models on genetic disease. It brings over 700 billion data points into a single place to map gene expression and function activity. This enables our scientists to run experiments and get answers to questions in a matter of hours, a process that once took weeks or months.

#### Genetics and genomics

We are using a combination of genetics, functional genomics and genetic engineering techniques like CRISPR (Clustered Regularly Interspaced Short Palindromic Repeats) to enable us to screen and validate hundreds of genetic targets in parallel, instead of one at a time. Through the screening process we can discover causal genes through genomics and link to biomarkers that may predict disease. In 2023, we had 53 targets with strong genetic evidence in our pipeline, an increase from 45 in 2022.

#### Applying data tech to our clinical research

At the clinical stage of development, AI/ML and genomics are helping us assess how certain patient profiles might respond, so we'll be able to make sure we have the right people in the right trials. This offers the potential to have shorter, less expensive clinical trials with greater chances of success.

An example of this is our research on our antisense oligonucleotide bepirovirsen for chronic hepatitis B. Using ML, we developed algorithms that helped us categorise patients into five distinct subtypes based on their response to treatment. This almost doubled our ability to correctly predict future patient outcomes, compared to using the traditional methods. This is significant because it will help inform sequential and combination therapy options, potentially leading to better outcomes and ultimately helping more people living with hepatitis B experience functional cure.

## Research and development continued

### Collaborating to change the course of disease for patients

By working with others we achieve more, better and faster to address disease areas of high unmet need and for as many people as possible.

Our collaborations with UK Biobank, 23andMe and FinnGen have given us access to large genetic datasets to deepen understanding of diseases and improve drug discovery. We're also a founding partner of Our Future Health, a UK initiative setting out to recruit up to five million people to capture genetic and medical information. And we work with Genes & Health and Discover Me South Africa to make sure we have a diverse genetic representation of diseases. In January 2024, we also announced we'd joined the Alliance for Genomic Discovery, further expanding our access to diverse genetic datasets.

Other collaborations in functional genomics give us insights to help select targets that are more likely to become medicines. We continue to work with genomics research centres like the Broad Institute, affiliated with MIT and Harvard University in Boston, and the Altius Institute in Seattle. In the UK, our partners include the consortium Open Targets, which we co-founded.

This work complements technology and biology projects underway at the Laboratory for Genomic Research, which we co-founded in 2019 with researchers at the University of California in San Francisco. These projects are automating and advancing CRISPR for new discoveries of disease mechanisms for immunology, oncology and neurology.

Other collaborations are helping make advances in multiple fields of human health.

- With King's College London, we're using tumour models alongside digital pathology and AI to develop personalised immuno-oncology treatments for solid cancers.
- With PathAI, we're working to accelerate R&D in oncology and NASH.
- We established the Oxford-GSK Institute of Molecular and Computational Medicine (IMCM) with Oxford University in 2021. It combines human genetics with functional genomics and ML to focus on diseases including amyotrophic lateral sclerosis (ALS), Alzheimer's and Parkinson's.
- Our work with precision medicine company Tempus has focused on using data to further enable clinical trial designs and target selections in oncology.

# Culture

**We create an agile, innovative environment that's ambitious for patients and attracts the best people, scientists and partners.**

To get ahead of disease, we need the best people – scientists, researchers, trial specialists, technologists and more – and an environment where they can thrive and make the most of their expertise, inside the company or as partners. Our R&D people work together in an inclusive environment to foster new ideas and make connections, including our scientists, technologists and data engineers working side by side. 27% of our R&D leadership team started their roles in the past two years, bringing 56 years of combined experience, adding to our leadership and delivering against key priorities.

Our culture unites us in being ambitious for patients and accountable for impact, and always doing the right thing. This culture encourages teams to focus on what matters most, take smart risks and make informed decisions at pace. It also helps them take ownership of objectives, seize opportunities and solve problems together.

To support this, in 2023 we've taken steps to focus even more intently on our core therapeutic areas, strengthen decision-making with clearer ownership and simplified, agile governance, and embed technology more deeply in our work.

We've created three research units dedicated to vaccines and infectious diseases, respiratory and immunology, and oncology. Reporting directly to the Chief Scientific Officer, they use their expertise to pick the right targets for the right patients, leading clinical development through to phase II and making recommendations on phase III programmes. These research teams complement our ongoing research in HIV, through ViiV Healthcare.

Close collaboration between R&D, commercial, manufacturing and medical leaders makes sure we match scientific potential with unmet patient need to maximise our impact on disease and deliver competitive commercial value. We've also created one research technologies organisation, bringing together platform and data groups to create a scaled engine for identifying and progressing targets for ourselves and our partners.

# Research and development continued

## Pipeline overview

We have 71 assets in development, of which 18 are late-stage.

### Phase III/Registration

*Arexvy* (Recombinant protein, adjuvanted)[1] RSV older adults (50-59 YoA)[3]

gepotidacin (BTI inhibitor)[1] Uncomplicated UTI[2]

bepirovirsen (Antisense oligonucleotide)[1] Chronic HBV infection[2]

*Bexsero* (Recombinant protein, OMV) Meningitis B (infants US)

MenABCWY vaccine (Recombinant protein, OMV, conjugated vaccine) MenABCWY, 1stGen

tebipenem pivoxil (Antibacterial carbapenem)[1] Complicated UTI

ibrexafungerp (Antifungal glucan synthase inhibitor)[1] Invasive candidiasis

*Nucala* (Anti-IL5 antibody) COPD

depemokimab (Long-acting anti-IL5 antibody)[1] Asthma[2]

latozinemab (Anti-sortilin antibody)[1] Frontotemporal dementia[2,4]

camlipixant (P2X3 receptor antagonist) Refractory chronic cough

Low carbon version of MDI[5], *Ventolin* (Beta 2 adrenergic receptor agonist) Asthma[6]

*Ojjaara/Omjjara* (JAK1, JAK2 and ACVR[1] inhibitor)[3,7]

*Jemperli* (Anti-PD-1 antibody)[1] Endometrial cancer[2]

*Zejula* (PARP inhibitor)[1] Ovarian cancer[2]

*Blenrep* (Anti-BCMA ADC)[1] Multiple myeloma

cobolimab (Anti-TIM-3 antibody)[1] Non-small cell lung cancer

linerixibat (IBAT inhibitor) Cholestatic pruritus in primary biliary cholangitis

### Phase II

3437949 (Recombinant protein, adjuvanted)[1] Malaria fractional dose

4406371 (live, attenuated) MMRV new strain

3536852 (GMMA)[1] Shigella

3528869 (Viral vector with recombinant protein, adjuvanted)[1] Chronic HBV infection[2,8]

4023393 (Recombinant protein, OMV, conjugated vaccine) MenABCWY, 2ndGen[8]

4178116 (Live, attenuated) Varicella new strain

5101956 (*MAPS*)[1] Adult pneumococcal disease, 24-valent

5101955 (*MAPS*)[1] Paediatric pneumococcal disease, 24-valent

4106647 (Recombinant protein, adjuvanted)[1] Human papillomavirus[8]

4348413 (GMMA) Gonorrhoea[8]

4382276 (mRNA)[1] Seasonal flu

4396687 (mRNA)[1] COVID-19

3993129 (Adjuvanted recombinant subunit) Cytomegalovirus[8]

3943104 (Recombinant protein, adjuvanted)[1] Therapeutic herpes simplex virus[8]

5637608 (Hepatitis B virus-targeted siRNA)[1] Chronic HBV infection

4077164 (Bivalent GMMA)[1] Invasive non-typhoidal salmonella[2]

ganfeborole 3036656 (Leucyl t-RNA synthetase inhibitor)[1] Tuberculosis

sanfetrinem cilexetil (Serine beta lactamase inhibitor)[1] Tuberculosis

alpibectir BVL-GSK098 (Ethionamide booster)[1] Tuberculosis

3810109 (Broadly neutralizing antibody)[1] HIV

3739937 (Maturation inhibitor) HIV

4004280 (Capsid protein inhibitor) HIV

4011499 (Capsid protein inhibitor) HIV

4524184 (Integrase inhibitor)[1] HIV[9]

*Benlysta* (Anti-BLys antibody) Systemic sclerosis associated interstitial lung disease

3858279 (Anti-CCL17 antibody)[1] Osteoarthritis pain[2]

1070806 (Anti-IL18 antibody) Atopic dermatitis

4527226 (Anti-sortilin antibody)[1] Alzheimer's disease

belrestotug (Anti-TIGIT antibody)[1] Non-small cell lung cancer[2]

4532990 (HSD17B13 siRNA)[1] Non-alcoholic steatohepatitis

### Phase I

3536867 (Bivalent conjugate)[1] Salmonella (typhoid + paratyphoid A)

2556286 (Mtb cholesterol dependent inhibitor)[1] Tuberculosis

3186899 (CRK-12 inhibitor)[1,10] Visceral leishmaniasis

3494245 (Proteasome inhibitor)[1] Visceral leishmaniasis

3772701 (*P. falciparum* whole cell inhibitor)[1] Malaria

4024484 (*P. falciparum* whole cell inhibitor)[1] Malaria

3882347 (FimH antagonist)[1] Uncomplicated UTI

3923868 (PI4K beta inhibitor) Viral COPD exacerbations

3965193 (PAPD5/PAPD7 inhibitor) Chronic HBV infection[8]

5251738 (TLR8 agonist)[1] Chronic HBV infection

cabotegravir (Integrase inhibitor) HIV

3888130 (Anti-IL7 antibody)[1] Autoimmune disease

3915393 (TG2 inhibitor)[1] Pulmonary fibrosis

3862995 (Anti-IL33 antibody) COPD

5462688 (RNA-editing oligonucleotide)[1] Alpha-1 antitrypsin deficiency

4347859 (Interferon pathway modulator) Systemic lupus erythematosus

4381562 (Anti-PVRIG antibody)[1] Cancer

6097608 (Anti-CD96 antibody)[1] Cancer

XMT-2056[11] (STING agonist ADC)[1] Cancer

belantamab (Anti-BCMA antibody) Multiple myeloma

4524101 (DNA polymerase theta inhibitor)[1] Cancer[8]

5733584 (ADC-targeting B7-H4)[1] Gynecologic malignancies

4172239 (DNMT1 inhibitor)[1] Sickle cell disease

Assets are ordered by therapy area within each phase: infectious diseases, HIV, respiratory/immunology, oncology and opportunity driven. Only the most advanced indications are shown for each asset.

(1) In-licence or other alliance relationship with third party
(2) Additional indications or candidates also under investigation
(3) In registration
(4) Phase III trial in patients with progranulin gene mutation
(5) Metered dose inhaler
(6) Phase III start expected in 2024
(7) Approved in US and EU
(8) In phase I/II study
(9) Phase II study start imminent
(10) Transition activities underway to enable further progression by partner
(11) GSK has an exclusive global licence option to co-develop and commercialise the candidate

RSV: respiratory syncytial virus; UTI: urinary tract infection; HBV: hepatitis B virus; ADC: Antibody drug conjugate; COPD: chronic obstructive pulmonary disease; MMRV: measles, mumps, rubella & varicella; OMV: outer membrane vasicle; siRNA: small interfering RNA GMMA: generalised modules for membrane antigens; YoA years of age

# Commercial operations

In 2023 we delivered strong and sustained performance momentum, with successful commercial launches, supported by our integrated global supply chain.

# Commercial operations

## Highlights

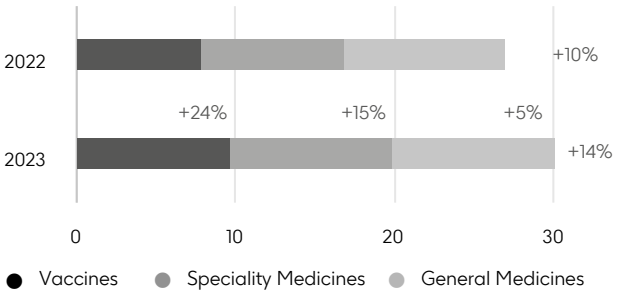
£30.3bn
total sales

+3%
AER

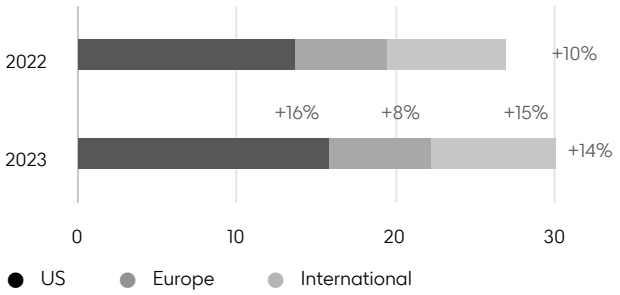
+5%
CER

+14%
CER excluding COVID

### Sales contribution by product area (£bn)[1]




### Sales contribution by region (£bn)[1]




(1) Bar charts: excluding COVID-19 solutions
Absolute values at AER; changes at CER, unless stated otherwise

## Strong operational performance

In 2023 we've continued to focus on operational performance, with strong growth across all product areas and regions. This builds on good progress in 2022 and demonstrates strong, sustained performance momentum. It means we are confident in delivering our upgraded growth outlooks for the period 2021-26, and for 2031.

Strong performance in 2023 was driven by a continued step-change in commercial execution. This was underpinned by a focus on leadership, developing outstanding people, and building meaningful connections with healthcare professionals (HCPs) and patients – supported by data and technology – to give us strong insights into how we can best meet their needs.

For details on our performance and drivers of growth see:

– Vaccines performance, page 33

– Specialty Medicines performance, page 37

– General Medicines performance, page 40.

# Performance: Vaccines

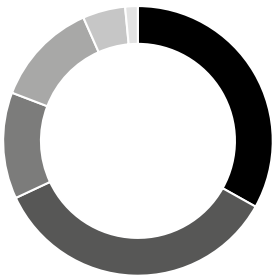
Our broad vaccines portfolio targets infectious diseases at every stage of life, helping to protect people from meningitis, shingles, RSV, flu, polio and many more.

Turnover

£9.9bn

+24% AER, +25% CER

- Established £3.3bn
- Shingles £3.4bn
- Meningitis £1.3bn
- RSV £1.2bn
- Influenza £504m
- Pandemic £150m



Double-digit growth for Vaccines

Successful launch of *Arexvy* in the US

Continued strong uptake of *Shingrix* in International and Europe

# Performance: Vaccines continued

## Key products

| Product | Disease | Total revenue | Key information |
|---|---|---|---|
| *Shingrix* | Herpes zoster (shingles) | £3.4bn +16% AER; +17% CER | Market-leading recombinant, adjuvanted vaccine indicated for the prevention of shingles in adults. Launched in 40 markets |
| *Arexvy* | RSV | £1.2bn | World's first approved RSV vaccine for adults, approved in 39 countries |
| *Bexsero* | Meningitis group B | £849m +13% AER; +14% CER | Approved in over 50 countries for the prevention of invasive meningococcal disease (IMD) caused by Neisseria meningitidis serogroup B |
| *Boostrix* | Diphtheria, tetanus, acellular pertussis booster | £614m +3% AER; +4% CER | Available in 78 countries and market leader in the US |
| *Rotarix* | Rotavirus | £614m +17% AER; +18% CER | Market-leading pediatric vaccine in 132 countries. Increased share in the US since launch of liquid formulation in 2022 |
| *Fluarix, FluLaval* | Seasonal influenza | £504m -29% AER; -29% CER | Quadrivalent influenza vaccines, available in 38 countries |
| *Infanrix, Pediarix* | Diphtheria, tetanus, pertussis, polio, hepatitis B, haemophilus influenza type B | £554m -7% AER; -6% CER | DTPa vaccine available in 77 countries. *Pediarix* is one of the leading brands by volume in the US |
| *Engerix, Twinrix, Havrix* | Hepatitis | £611m +7% AER; +8% CER | Growing hepatitis portfolio leadership through increased coverage and strengthened recommendations |
| *Menveo* | Meningitis group A, C, W and Y | £380m +10% AER; +12% CER | *Menveo* helps protect against IMD caused by Neisseria meningitidis serogroups A, C, Y and W and is available in over 60 countries |
| *Synflorix* | Invasive disease, pneumonia, acute otitis media | £275m -10% AER; -10% CER | *Synflorix*, available in 100 countries, including WHO pre-qualification. Acquisition of MAPS technology is expected to enable greater serotypes and disease coverage |
| *Priorix, Priorix Tetra, Varilrix* | Measles, mumps, rubella and chickenpox | £265m +41% AER; +41% CER | *Priorix* continues to gain share in the US. *Priorix* is available in 97 countries, *Varilrix* in 86 countries, and *Priorix* Tetra in 60 countries |
| *Cervarix* | Human papilloma virus | £120m +3% AER; +5% CER | An important option against HPV. *Cervarix* two-dose schedule for girls aged 9-14 launched in China in 2023 |

## Sales performance

Vaccines sales grew 24% AER, 25% CER to £9.9 billion total and 23% AER, 24% CER to £9.7 billion excluding COVID-19 solutions.

*Shingrix* grew 16% AER, 17% CER to £3.4 billion on increased demand and favourable pricing, with Q4 2023 representing the highest ever quarter of sales. Growth was driven by public funding expansion and strong private uptake in International and Europe.

Meningitis vaccine sales grew 13% AER ,14% CER to £1.3 billion, largely delivered by *Bexsero*, primarily driven by inclusion in National Immunisation Programmes in Europe. *Menveo* grew due to the favourable impact of a US CDC (Center for Disease Control) stockpile replenishment.

*Arexvy* achieved more than £1.2 billion in sales driven by strong uptake and leading market share, delivering an outstanding launch. Almost all sales were in the US where *Arexvy* is available in all major retail pharmacies with competitive contracting in place.

Influenza *(Fluarix/FluLaval)* sales declined in line with expectations by 29% at AER and CER, to £504 million. This was driven by competitive pressure and lower market demand, primarily in the US.

Established Vaccines grew 6% AER, 7% CER to £3.3 billion driven by *Rotarix* favourable US CDC stockpile movements, MMR/V vaccines increased supply in International, and hepatitis vaccine performance related to the travel market recovery.

# Performance: Vaccines continued

## Our strategy for growth

Our portfolio of more than 20 marketed vaccines is one of the industry's broadest. We deliver approximately 1.5 million doses of our vaccines every day; and 4 out of 10 infants born each year receive at least one GSK vaccine. Our vaccines portfolio targets infectious diseases at every stage of life, helping to protect people from RSV, meningitis, shingles, flu, polio and many more.

Vaccines are critical to delivering our growth plans. Our focus is on strong execution in key markets with *Shingrix* and our existing portfolio, and on delivering the value of our pipeline with new launches, particularly our world-first RSV vaccine, *Arexvy*, so we can bring our vaccines to as many patients as possible.

Vaccines are complex and highly technical to develop and manufacture. This helps to protect our portfolio from potential disruption from new technologies. There's no established generic industry and vaccines don't generally face the so-called 'patent cliff'. This longer lifecycle means vaccines can remain in use for decades after their initial authorisation. For example, *Boostrix*, *Infanrix*, *Priorix* and *Engerix* remain important parts of our portfolio in terms of contribution to performance.

Our established platform technologies, and the new platforms we're building, such as the MAPS and mRNA technologies, are a key part of our vaccines growth strategy and are enabling us to tackle the most complex diseases from birth throughout adulthood (see page 27).

## Drivers of growth across the portfolio

Our launch of *Arexvy* supports our market leadership ambition and has multi-billion-pound sales potential. Approximately 6 million of the 83 million US adults aged 60 and older at risk have been vaccinated with *Arexvy*. Launches are also underway across Europe and Canada, and the vaccine has been approved in Japan and several other countries. We're strengthening relationships with retailers, given our expertise in the older adult population through *Shingrix*. We're also drawing on our expertise in respiratory diseases and the experience of our primary care sales force. With further approvals and launches expected in 2024, and increasing awareness of the impact of RSV on adults at increased risk, we look forward to seeing the impact this vaccine will have on helping to prevent the severe consequences of RSV globally.

*Shingrix* continued to grow and is now available in 40 countries, with less than 4% penetration in the majority of those markets. In the US 35% of the 120 million adults recommended to receive *Shingrix* have now been vaccinated. 70 million people are already protected with *Shingrix* and our ambition is to vaccinate more than 100 million people by 2026. To support this, in 2023 we entered into an exclusive agreement with Chongqing Zhifei Biological Products, Ltd. (Zhifei) with a value of £2.5 billion for an initial three-year period to co-promote *Shingrix* in China. Zhifei will import and distribute *Shingrix* in China, promoting the vaccine through its network of over 30,000 vaccination points. The partnership will significantly extend the availability of *Shingrix*, supporting the rapid expansion of patient access to the vaccine and future potential indications.

We continue to lead the meningitis market driven by *Bexsero* (MenB) and *Menveo* (MenACWY), as we prepare for the transition to our pentavalent MenABCWY vaccine that combines these established vaccines. Continuing to invest in *Bexsero* remains integral to strengthening our leadership by securing key National Immunisation Programmes (NIP) in countries like Germany and Switzerland. We'll do this by building our real-world evidence base, and by helping to improve immunisation rates globally, focusing on the US adolescent population. To improve our competitiveness, we'll look to drive future growth with multiple lifecycle innovations in the coming years, including launching *Menveo* in a convenient liquid formulation in additional countries.

Our established vaccines remain a key priority for growth, representing a third of our total vaccines business. Our core vaccines continue to grow strongly as we seek to maximise uptake in those who need them. We achieve this by prioritising specific segments for growth opportunity, such as a return to travel and strengthened recommendations for hepatitis in the adult segment, and increasing awareness of the importance of vaccination. We're also working to maintain our strong performance in key markets by making sure we resource our teams for success and that we can deliver against our supply commitments.

## Meeting the needs of ageing populations by prioritising prevention

By focusing on prevention, we can reduce the burden of disease and create a healthier, thriving world. Vaccination is a critical element for prevention of infectious diseases, especially for children and older adults.

From the age of around 50, our immune system starts to decline and becomes less effective, leading to increased risk from infectious diseases. We focus our efforts on helping to keep older adults healthy, moving from 'sick care' to true healthcare by prioritising prevention and making adult immunisation the standard of care. With the help of vaccination, adults can remain active, healthy participants in society and the economy – prolonging productivity, contributing to local economies and reducing healthcare costs. To improve uptake of adult immunisation, we are working to build the investment case for vaccination, ease access, and increase belief in the importance of vaccines.

## Performance: Vaccines continued

To support healthcare professionals to routinely initiate vaccination conversations with their patients and build broader belief in the importance of vaccination, we held Vaccine Virtual Days 2023. These bring together healthcare professionals and experts from the international vaccine community to discuss and present important updates, data and trends in adult immunisation. We've also continued our series of Vaccinology Master Classes, helping to better equip healthcare professionals for conversations with their patients about vaccines.

Adult immunisation rates in the US still haven't recovered fully after the COVID-19 pandemic. In 2023, we commissioned a report, published with the IQVIA Institute for Human Data Science and the Global Coalition on Aging. It estimated that around 100 million fewer doses of some adult vaccines (excluding COVID-19 solutions) were administered in 2021 and 2022 than anticipated.

To help address this, we launched the COiMMUNITY Initiative in the US which commits $1 million in grant funding to national, state and local non-profit organisations to address long-term barriers to immunisation, particularly among older adults susceptible to declining immune systems.

This year we commissioned research that spotlights hyperlocal factors contributing to – or inhibiting – adult immunisation uptake in five diverse, geographically representative cities across the world. This research builds upon existing global frameworks and progresses vital initiatives, such as the UN Decade on Ageing and WHO Age-Friendly Cities Network.

As part of COiMMUNITY, we're also supporting public health efforts by making data on vaccination trends available through the Vaccine Track platform and sharing tools and resources with healthcare organisations to help them address gaps in adult immunisation. The COiMMUNITY initiative builds on recent regulatory and industry changes in the US that make vaccines more available and easier to access for Medicare and Medicaid beneficiaries and support community vaccine infrastructure.

# Performance: Specialty Medicines

We continue to be global leaders in infectious diseases, respiratory and HIV medicines and have an emerging portfolio of cancer medicines.

Specialty Medicines growth (excluding COVID-19 solutions) of 14% AER, 15% CER

Continued growth momentum in HIV

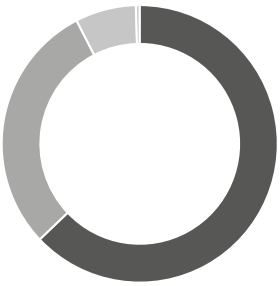
Growth acceleration in both oncology and respiratory/immunology

**Turnover**

£10.2bn

-9% AER, -8% CER

- HIV £6.4bn
- Respiratory/immunology and other £3.0bn
- Oncology £731m
- Pandemic £44m



# Performance: Specialty Medicines continued

## Key marketed products

| Product | Disease | Total revenue | Key information |
|---|---|---|---|
| *Dovato* | HIV treatment | £1.8bn +32% AER; +33% CER | Dolutegravir-based two-drug regimen. Now launched in over 55 markets |
| *Nucala* | Respiratory eosinophil-driven diseases | £1.7bn +16% AER; +18% CER | The only treatment to be indicated in the US and Europe for use across four IL-5 mediated diseases (see page 23) |
| *Triumeq* | HIV treatment | £1.5bn -14% AER; -14% CER | Dolutegravir-based fixed-dose combination tablets. Marketed in over 65 countries |
| *Tivicay* | HIV treatment | £1.4bn flat% AER; +2% CER | Dolutegravir tablet for use in combination with other antiretroviral agents. Marketed in over 70 countries |
| *Benlysta* | Lupus and lupus nephritis | £1.3bn +18% AER; +19% CER | Only biologic approved to treat both SLE and LN, in the US, Europe and elsewhere |
| *Cabenuva (Vocabria + Rekambys in Europe and Japan)* | HIV treatment | £708m >100% AER;>100% CER | First and only complete long-acting injectable regimen (cabotegravir, rilpivirine). Marketed in over 25 countries |
| *Juluca* | HIV treatment | £661m +4% AER; +4% CER | Dolutegravir-based two-drug regimen. Marketed in 30 countries |
| *Zejula* | Ovarian cancer | £523m +13% AER; +15% CER | PARP inhibitor commercially available in 1L maintenance in 37 markets and in 2L maintenance in 31 markets |
| *Apretude* | HIV prevention | £149m >100% AER; >100% CER | First and only long-acting injectable (cabotegravir) for HIV prevention. Launched in the US in 2022 |
| *Jemperli* | Endometrial cancer | £141m >100% AER; >100% CER | PD-1-blocking antibody available in 25 countries that is continuing to be investigated for future monotherapy and combination regimens in multiple tumour types |
| *Rukobia* | HIV treatment | £117m +43% AER; +44% CER | Extended-release tablets for people living with multi-drug resistant HIV-1 for use in combination with other antiretrovirals. Launched in 16 markets |
| *Xevudy* | COVID-19 treatment | £44m -98% AER; -98% CER | Monoclonal antibody for the early treatment of COVID-19 |
| *Blenrep* | Blood cancer – multiple myeloma | £36m -69% AER; -69% CER | An antibody-drug conjugate for patients with relapsed or refractory multiple myeloma |
| *Ojjaara/Omjjara* | Myelofibrosis | £33m | Approved in the US, EU and UK as the first and only treatment specifically indicated for myelofibrosis patients with anaemia |
| *Jesduvroq/Duvroq* | Anaemia due to chronic kidney disease (CKD) | £26m 18% AER; 27% CER | Approved in the US in 2023 for the treatment of anaemia of chronic kidney disease (CKD) in adult patients on dialysis |

## Sales performance

While reported Speciality Medicines sales were down 9% AER, 8% CER at £10,224 million total, excluding COVID-19 solutions they grew 14% AER, 15% CER at £10,200 million.

HIV sales grew 12% AER, 13% CER to £6.4 billion, primarily driven by a 2 percentage point increase in market share within a broadly flat global treatment market, attributable to patient demand for the oral two-drug regimen (*Dovato, Juluca*) and long-acting medicines (*Cabenuva, Apretude*). Oral two-drug regimen and long-acting medicine sales grew 40% to £3.3 billion now representing 55% of the total HIV portfolio.

Respiratory/immunology and other sales were up 16% AER, 18% CER to £3 billion with consistent and sustained double-digit growth for both *Benlysta* and *Nucala*. *Nucala* grew 18% to £1.7 billion with continued strong growth in all regions reflecting high patient demand in severe eosinophilic asthma and from the new indications. *Benlysta* grew 19% to £1.3 billion representing strong demand in US and Europe and continued market expansion.

Oncology sales grew 23% to £731 million, driven by strong growth from *Jemperli* and *Zejula* and uptake of *Ojjaara* post US launch in Q3 2023, partially offset by the impact of *Blenrep* withdrawal from the US market in November 2022. Growth of *Jemperli* continued to accelerate particularly in the US following approval in Q3. *Zejula* sales grew 15% to £523 million with strong growth from all regions. US growth in the first line indication more than offset the reduction in use in second line following the update to US prescribing information agreed with the FDA in Q4 2022.

# Performance: Specialty Medicines continued

## Our strategy for growth

Our portfolio of Specialty Medicines focuses on four therapeutic areas: infectious diseases, HIV, respiratory/immunology and oncology. We are reinforcing our strength and leadership in infectious diseases, respiratory and HIV, and building our emerging capabilities in oncology to drive growth.

34% of sales come from Specialty Medicines, which we expect to provide durable and profitable growth over the next five years. We drive growth by accelerating our pipeline as well as prioritising business development, targeting acquisitions and partnerships to strengthen and complement our core therapy areas, and helping to deliver above and beyond our current long-term outlooks. Our acquisition of Bellus Health, announced in April 2023, for example, builds on our respiratory expertise and complements our broader respiratory pipeline. We're increasingly confident that this will be a major source of new long-term growth.

## Drivers of growth across the portfolio

In HIV, our strategy for growth is built on our innovative portfolio of medicines that are transforming HIV treatment and prevention with strong competitive execution.

Launched in 2019, our dolutegravir-based oral two-drug regimen, *Dovato*, continues to perform strongly, enabling people living with HIV to remain virally suppressed with fewer medicines.

Our long-acting portfolio of medicines are central to our growth and are delivering strong results as they launch across our markets.

*Cabenuva*, the world's first and only complete long-acting regimen for HIV treatment is available in the US, Europe, Japan, China and Australia. Two-monthly *Cabenuva* addresses the challenges associated with daily oral therapy, including fear of disclosure, adherence anxiety and pill fatigue.

*Apretude* is the world's only long-acting medicine for HIV prevention offering superior efficacy to daily oral prevention (FTC/TDF tablets) and two-monthly dosing. In 2023 *Apretude* expanded beyond the US with approval in Europe and several sub-Saharan Africa countries as an important lever to end the global epidemic.

In respiratory/immunology, our market-leading medicines *Nucala* and *Benlysta* continued to deliver double-digit growth.

*Nucala*, the only targeted biologic therapy approved for use across four IL-5 mediated diseases (eosinophil disease), continues to drive growth. Consistent evidence across multiple indications combined with market-leading safety data reinforce *Nucala* as the biologic of choice for HCPs. The severe asthma market continues to grow in the US and in other markets, which offer opportunities for *Nucala* to help more patients.

*Benlysta* remains the only biologic approved for both systemic lupus erythematosus and lupus nephritis In 2023, *Benlysta* saw consistent growth across all major markets, with over 14,000 US patients starting therapy in 2023. We're focused on helping to identify and treat patients earlier, before lupus progresses and organ damage occurs (see page 24).

In oncology, *Jemperli* continues to demonstrate its potential as the backbone of our ongoing immuno-oncology-based research and development programme. Used alone and in combination with standard of care and future novel cancer therapies, it has the potential to transform patients' lives across multiple tumour types, including endometrial cancer. In 2023, *Jemperli* plus chemotherapy was approved in the US, EU and UK as the first and only immuno-oncology regimen for the treatment of frontline primary advanced or recurrent dMMR/MSI-H endometrial cancer. These approvals have been a significant driver of performance and sales growth in oncology.

*Ojjaara/Omjjara*, a JAK- and ACVR1-inhibitor, acquired through the purchase of Sierra Oncology in April 2022, is now approved in the US, EU and UK to treat myelofibrosis with anaemia. This makes *Ojjaara* the only medicine specifically indicated for both newly diagnosed and previously treated myelofibrosis patients with anaemia that addresses the anaemia, constitutional symptoms and splenomegaly (enlarged spleen) that are the hallmarks of this complex blood cancer. The line-agnostic label was broader than anticipated, expanding the opportunity to reach more patients with a novel treatment option. Additional regulatory filings were initiated in 2023, with an aim in 2024 to expand access to patients in other markets.

In ovarian cancer, *Zejula* continues to provide a significant opportunity for first-line maintenance therapy, reaching more than 15,000 patients every month. We're working to develop other combination therapies with *Zejula* in women's cancers and other solid tumours.

To ensure we focus on areas where we can make the biggest impact for patients, we've withdrawn our filing for *Jesduvroq* in the EU, and will stop filing in other markets because other medicines are already available for patients living with anaemia of CKD.

# Performance: General Medicines

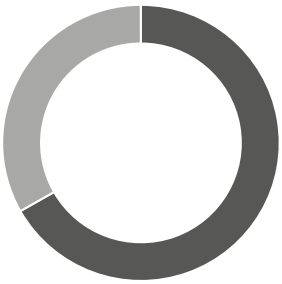
From antibiotics to inhaled medicines for asthma and COPD, we have over 150 general medicine products, many of them leaders in their class, making life better for millions of people worldwide.

**Turnover**

£10.2bn

+1% AER, +5% CER

- Respiratory £6.8bn
- Other General Medicines £3.4bn



Growth driven by both respiratory and other general medicines

Ongoing strong demand for *Trelegy* in all regions; *Anoro* in Europe and International

Continued post pandemic recovery of the antibiotic market in Europe and International regions

# Performance: General Medicines continued

## Key marketed products

| Product | Disease | Total revenue | Key information |
|---|---|---|---|
| *Trelegy Ellipta* | COPD, asthma | £2.2bn +27% AER; +29% CER | Most prescribed single inhaler triple therapy (SITT) worldwide, reaching an estimated 8.6 million patients since launch |
| *Seretide/Advair* | Asthma, COPD | £1.1bn -2% AER; +1% CER | One of the market-leading ICS/LABA[1] treatments worldwide by sales value |
| *Relvar/Breo Ellipta* | Asthma, COPD | £1.1bn -4% AER; -2% CER | One of the leading ICS/LABA treatments worldwide by sales value |
| *Ventolin* | Asthma, COPD | £749m -3% AER; — CER | Global market-leading SABA[2] reliever by sales value |
| *Augmentin* | Common bacterial infections | £628m +9% AER; +17% CER | Global leader in oral antibiotics by sales value, available in over 95 countries |
| *Anoro Ellipta* | COPD | £557m +15% AER; +16% CER | Global market leader in the LAMA/LABA[3] class by volume (unit sales), approved in over 70 countries |
| *Avodart & Duodart* | Benign prostatic hyperplasia (BPH) | £345m +5% AER; +7% CER | Market leaders by sales value in the global dutasteride and dutasteride+tamsulosin FDC[4] market respectively, and approved in over 101 and 88 countries respectively |
| *Avamys/Veramyst* | Allergic rhinitis | £299m -7% AER; -4% CER | Global leader in the inhaled corticosteroids prescription class by sales value |
| *Dermovate, Betnovate, Cutivate, Eumovate* | Inflammatory skin conditions | £195m -3% AER, +6% CER | Global leader in topical corticosteroids across 60 markets globally by value of sales, excluding the US |

(1) ICS/LABA: inhaled corticosteroid/long-acting beta agonists
(2) SABA: short-acting beta agonist
(3) LABA/LAMA: long-acting beta agonists/long-acting muscarinic antagonists
(4) FDC: fixed-dose combination
Key information source IQVIA

## Sales performance

General Medicines sales grew 1% AER, 5% CER to £10.2 billion, reflecting growth of *Trelegy* and the single inhaler triple therapy class across all regions, and of *Anoro* in Europe and International.

*Trelegy* grew 27% AER, 29% CER to £2.2 billion with growth delivered across all regions, reflecting increased patient demand, growth of the SITT market and penetration of the class.

*Seretide/Advair* sales decreased 2% AER but increased 1% CER at £1.1 billion, primarily reflecting favourable US pricing. However this was offset by generic erosion impacts in Europe and certain International markets.

Other General Medicines decreased 5% AER, but grew 2% CER at £3.4 billion reflecting ongoing post pandemic demand for anti-infectives in Europe and International, and certain third party manufacturing arrangements. Overall growth in this product group continues to be impacted by ongoing generic competition.

## Our strategy for impact

Our General Medicines portfolio includes medicines that are typically prescribed in primary care. In 2023, General Medicines contributed over one third of GSK's sales, helping to fund growth and investment in R&D and returns to shareholders.

We expect our combination of more than 150 products, several of which are market leaders, to have a positive impact on the lives of hundreds of millions of patients over the next 10 years. We supply our products in more than 100 countries, and they comprise over 80% of our total medicines and vaccines supply volume. Every day, these medicines improve health and make life better for millions of people all over the world.

Together, respiratory and infectious diseases therapeutics generate 73% of our General Medicines revenue. With expected growth from *Trelegy*, *Anoro* and the established products portfolio in emerging markets, we are committed to positively impacting more lives every day.

We focus investment in our brands that are growing strongly to maximise returns, while managing the expected decline of other products in mature markets as they lose their exclusivity.

## Performance: General Medicines continued

### Drivers of growth across the portfolio

Our main sources of growth in General Medicines in 2023 were *Trelegy*, *Anoro* and *Augmentin*.

*Trelegy*, our SITT for asthma and COPD, delivered sales of over £2 billion for the first time in 2023. *Trelegy* has continued to accelerate strongly, with growth in all regions including the US, and is the third biggest growth driver in our portfolio. *Trelegy* is licensed in 60 countries for COPD, with dual indications for asthma and COPD in 19 countries, including the US and Japan[1]. We received several new approvals in 2023, further expanding *Trelegy*'s availability to asthma patients in Turkey, Hong Kong, Bahrain and Kuwait.[2]

*Trelegy* is the number one SITT globally, selling over 21 million packs – more than twice the volume of the nearest competitor[3]. *Trelegy* is the market leader in our two largest markets, the US and Japan, with market shares significantly exceeding the next-largest competitor (83% and 67%, respectively). In November 2022, the Global Initiative for Chronic Obstructive Lung Disease (GOLD) guidelines recommended triple therapy over ICS/LABA for exacerbating patients. This has helped to continue the growth of the SITT market which, six years after first launch, is still growing at 41% year on year. We expect *Trelegy* to be a key driver of growth in General Medicines in the coming years.

*Anoro* is approved in approximately 70 countries to treat symptomatic COPD. *Anoro* remains the global market leader in the LAMA/LABA class by volume (unit sales)[4], with continued growth in global sales (excluding US). *Anoro* has a robust clinical data profile, which includes head-to-head data in the LAMA/LABA class and versus other common initial maintenance therapy options, such as LAMA.

*Augmentin* is a global leader in oral antibiotics by sales value[4] and is available in 95 countries. It has reached over 2.65 billion patients since launching more than 40 years ago and continues to grow strongly across regions. *Augmentin* grew 9% AER, 17% CER to £628 million with strong ongoing demand across all regions.

Since its launch in 1969, *Ventolin* remains an important medicine for patients in more than 100 countries.
A significant proportion of our carbon emissions come from our *Ventolin* metered dose inhalers (MDIs). We have started an R&D programme to redevelop our *Ventolin* MDIs with a lower global warming potential (GWP) propellant, which is now in clinical assessment. If successful, this could reduce greenhouse gas emissions from our rescue MDIs by approximately 90%.

(1) Regulatory Data on File. Latest update 25 August 2023 for Asthma and July 2022 for COPD
(2) Regulatory Data on File, Latest update 25 August 2023
(3) IQVIA Patient Volume Data as of 6 October 2023
(4) Source: IQVIA

# Operations: Manufacturing and supply

Our global supply chain is critical to the successful manufacture and supply of our vaccines and medicines. It enables us to deliver reliable, high-quality products to meet patients' needs and maintain our performance.

In 2023, we made significant progress in bringing together our vaccines and medicines supply chains to create one global supply chain. This integration helps drive efficiency and ensures we have the capacity and capabilities, including the best digital and technology capabilities, to deliver our new products.

Our global network of 37 vaccines and medicines manufacturing sites delivered more than 500 million vaccine doses and 1.8 billion packs of medicines to help make a positive impact on the health of millions of people.

## Investing for future productivity

We are investing in our manufacturing and supply chain to increase productivity and efficiency. In 2023 we opened a $100 million adjuvant manufacturing facility in Hamilton, in the US. It means we can produce the QS-21 adjuvant in-house, contributing to our RSV, shingles, malaria and cervical cancer vaccines.

In late 2022, we opened a manufacturing and testing facility at Jurong in Singapore to produce a cytotoxic agent for antibody drug conjugates needed for next-generation cancer treatments. And at our Tuas site, also in Singapore, we've begun building a new vaccine manufacturing facility for our hepatitis B vaccines which will feature the latest advanced technology and be sustainable by design.

## Operations: Manufacturing and supply continued

At Ware in the UK, we opened a new oral solid dose facility, bringing together R&D and supply chain specialists to use new technologies and rapid knowledge transfer to deliver new medicines faster and more efficiently.

And at our Wavre site in Belgium, we've started building a €250 million freeze-drying centre, using automation and robotics, to create more capacity for adult vaccines.

At Barnard Castle in the UK, our multi-million-pound Q Block smart manufacturing facility started commercial production in 2023, and immunology products are now being shipped to patients around the world. The facility uses digital technology and robotics to make production more efficient.

We are exceeding targets in our ongoing programme of productivity and efficiency improvements. This year, the programme delivered £101 million in savings across Medicines and Vaccines.

Site productivity increased by 9.3% during the year.

### Promoting quality, safety and reliability

Quality, safety and reliable supply are critical to meeting patients' needs, and to creating competitive advantage.

Our reliability remains strong, with an on-time, in-full (OTIF) measure of 99.3% for Specialty Medicines, 98.4% for General Medicines and 92.3% for Vaccines. Our deviation rates improved for Medicines and increased marginally for Vaccines with clear action plans for improvement in 2024. For information on product governance, see the Responsible Business section on page 55.

We've also received external recognition. In 2023, we featured in Gartner's Top 25 Supply Chain companies, based on financial metrics, ESG criteria, and opinion from industry analysts and experts.

### Supporting innovation

Our global supply chain plays a central role in bringing our innovations to patients as quickly, efficiently and effectively as possible. The teams are involved early in product development, working with R&D to make sure that what works in clinical trials can be produced commercially at scale.

In 2023 we supplied our RSV vaccine *Arexvy* in record time to more than 20 countries, including the US, the EU and Canada, following regulatory approvals.

We are also bringing on additional capacity to deliver *Jemperli* to more patients around the world following regulatory approvals in the US and Europe.

And we worked with external manufacturing partners to deliver supply chain excellence for the US launch of *Ojjaara*.

### Embracing technology and data

By harnessing the power of technology and data, we are transforming our manufacturing and supply chain. By identifying and implementing the best digital and technology capabilities, we can unlock growth for patients, shareholders and our people.

We are also working to industrialise new platform technologies such as oligonucleotides in medicines and mRNA and MAPS in vaccines. As MAPS clinical trials continue at the new Binney Street site in Cambridge, US, we plan to scale up production and bring MAPS to market.

We're using digital twins to simulate processes, anticipate issues and use what we learn to accelerate manufacturing. The technology helps increase production yields for both our vaccines and medicines.

We're also investing in automation and robotics at our sites, improving ergonomics, increasing efficiency and helping us to deliver more medicines and vaccines to patients around the world.

### Increasing our environmental sustainability

Our manufacturing sites have a key role in our contribution to a net zero, nature positive, healthier planet, and environmental sustainability is a fundamental part of our global supply chain strategy. See our Responsible Business section on page 45 for more information on carbon emissions, water use and waste. We're also investing in plans to improve natural habitats, protect biodiversity and improve soil and water quality near our sites.

+ For more on our approach to sustainability and progress made at our sites, see our ESG Performance Report

# Responsible business

ESG is embedded in our strategy. It helps us deliver our purpose and supports our sustainable performance and long-term growth.

# Responsible business

## Our approach

We are a global biopharma company with a purpose to unite science, technology and talent to get ahead of disease together. To deliver our purpose, we need to consider ESG impacts across everything we do, from the lab to the patient. That's why ESG is embedded in our strategy and supports our sustainable performance and long-term growth. It helps us to build trust with and generate value for our stakeholders, reduce risk to our operations and create positive social impact.

We have identified six ESG focus areas that address what is most material to our business and the issues that matter the most to our stakeholders. These focus areas are core to our strategy and are where we can have the greatest positive impact on some of society's most urgent challenges, including those set out in the UN Sustainable Development Goals (UN SDGs). They are:

- Access to healthcare
- Global health and health security
- Environment
- Diversity, equity and inclusion (DEI)
- Ethical standards
- Product governance.

These focus areas were informed by our most recent materiality assessment in 2022, which reaffirmed that the most material issues for our business were well aligned with our six ESG focus areas. We recognise that being a responsible business is not a static requirement. This means that we will continue to evolve our approach in response to the rapidly changing operating environment and strive for continuous improvement to ensure we maintain strong ESG performance.

## Our ESG Performance Rating

Our ESG Performance Rating helps us integrate ESG into the delivery of our strategy and allows us to measure and verify the progress we are making. The rating is one of our corporate KPIs and measures progress against key metrics aligned to each of our six focus areas. In 2023, this included 22 metrics, which are summarised in our ESG Performance Report.

We continue to evolve our ESG Performance Rating to ensure it meets the expectations of our stakeholders. The executive leadership team and the Board, via the Corporate Responsibility Committee, review the metrics that make up this Rating each year to ensure they are sufficiently challenging and ambitious. This year, we have removed two metrics, relating to Access and Ethical standards, and added one relating to anti-microbial resistance (AMR). We met one of our 2022 metrics relating to Access by developing and publishing pricing and access principles. We have also removed one of our Ethical standards metrics that tracks the number of employees leaving GSK for misconduct. Increases or decreases in this number could indicate either a higher/lower number of breaches or stronger/weaker enforcement of our processes, so setting a threshold is not an effective measure for success in upholding our standards. We continue to monitor this data internally and publish it externally.
We have three additional metrics which provide a strong measure of our commitment to ethical standards. We have added a metric within Global health and health security, focused on AMR. AMR is an urgent public health threat, and we have seen increased stakeholder interest in our approach. We updated our biodiversity target as we achieved it in 2022. Our new target focuses on deforestation free sourcing of paper and palm oil.

## How we assess performance

The GSK Leadership Team (GLT) is accountable for delivering progress against the metrics and regularly reviews performance along with the Board's Corporate Responsibility Committee (CRC). Each individual metric is assessed as either: on track (metric met or exceeded); on track with work to do (at least 80% of metric has been achieved); or off track (metric missed by more than 20%).

In addition, in order to calculate the overall ESG Performance Rating, performance across all metrics is aggregated to a single score to illustrate whether we are on track, on track with work to do, or off track. This rating is defined below:

**On track:** 70% or more of all metrics are on track

**On track with work to do:** more than 50% of all metrics are either on track, or on track with work to do

**Off track:** more than 50% of all metrics are off track

## 2023 ESG Performance Rating

Our 2023 ESG Performance Rating is on track, based on 95% of all performance metrics being met or exceeded.

Assessment of performance against our annual targets has been reviewed, and the overall ESG Performance Rating score has been subject to independent limited assurance for 2023.

+ For full details of progress against our six focus areas, our ESG Performance Rating and 22 metrics and independent limited assurance reports, see our ESG Performance Report

## Responsible business continued

### External benchmarking

Detailed below is how we perform in key ESG ratings that we are frequently asked about by investors:

- **Access to Medicines:** Ranked 1st in the Access to Medicines Index in 2022 and an industry leader in the 2021 Antimicrobial Resistance Benchmark
- **S&P Corporate Sustainability Assessment:** Ranked 1st in the pharmaceuticals industry with a score of 84 (as of 24 November 2023) and included in the DJSI World and Europe indices
- **FTSE4Good:** Member of FTSE4Good Index since 2004
- **CDP:** A- in Climate change, A- in Water security, B in Forests (palm oil) and B in Forests (timber)
- **Sustainalytics:** Low risk rating
- **MSCI:** AA rating
- **Moody's Analytics:** ESG Overall Score of 62 (out of 100; sector average 38)
- **ISS Corporate Rating:** B+ rating

# Access

**We aim to positively impact the health of 2.5 billion people by the end of 2030. We will do this by making our vaccines and medicines available as widely as possible, through responsible pricing, strategic access programmes and partnerships.**

## Our commitment

Make our products available at value-based prices that are sustainable for our business and implement access strategies that increase the use of our medicines and vaccines to treat and protect underserved people

### Our ESG Performance Rating metric

- Progress towards our 2030 goal of reaching 1.3 billion people in lower income countries with our products

## Progress in 2023

### Putting the right value on innovation

We set responsible prices in line with the benefits we bring to patients and health systems, measured by clinical, economic and social outcomes. We compare our offer to what is already available for patients and we generate evidence from clinical trials to establish the added value provided by our medicines and vaccines. We adjust our pricing in line with the socio-economic status of a country to ensure affordability and availability.

We operate under robust pricing approvals, developing access plans informed by payers. We also work to create stability and predictability for payers and our business, engaging proactively on upcoming product launches for budget planning, and adjusting prices to account for inflation. In the US in 2023, our combined average net price (after discounts, rebates or other allowances) for our pharmaceutical and vaccines portfolio increased by 0.4%, while the average list price increased by 3.2%, compared with 5.4% (list) for the industry. Over the past five years, the average net price for our products increased by 0.3% annually, while the average list price rose by 3.3%, compared with 4.7% (list) for the industry.

### Providing access for patients in lower income countries

We collaborate with global health partners, including NGOs and generic manufacturers, to increase our reach to patients in lower income countries. In 2023, we reached 89 million people with our vaccines and antiretrovirals in lower income countries.

### Vaccines

We reserve our lowest vaccine prices for Gavi, the vaccine alliance, and similar organisations. We have partnered with Gavi since its foundation in 2000 and have supplied more than one billion vaccine doses to date at our lowest prices to the lowest income countries.

In 2023, through our partnership we significantly increased our supply to deliver around 5 million doses of *Cervarix*, a critical vaccine in lower income countries for addressing cervical cancer.

In 2023, we supplied around 41 million doses of our pneumococcal vaccine, *Synflorix*, to eight Gavi-eligible countries at our lowest price. Our vaccine against rotavirus, *Rotarix*, reaches children across 25 Gavi-eligible countries and four former Gavi countries. We have offered vaccines to civil society organisations serving refugees and working in other emergency situations through the Humanitarian Mechanism since 2017. We are also a long-standing supplier of oral polio vaccines through UNICEF and, in 2023 alone, supplied around 130 million doses to help eradicate polio.

### Neglected tropical diseases

In 2023, we donated 615 million albendazole tablets to help tackle lymphatic filariasis (LF), soil transmitted helminths and echinococcosis, taking the total we have donated to over 11 billion.

We remain committed to supplying albendazole to endemic countries until LF is eliminated everywhere. So far, LF has been eliminated in 19 countries including Bangladesh and Lao PDR, who announced elimination of the disease in 2023 – significant milestones in our collaborative effort to get ahead of disease together. The number of tablets we are donating is declining each year, given the gradual eradication of the neglected tropical diseases (NTDs) that the medicine is targeting.

## Responsible business continued

The programme has benefited over 935 million people since it began, according to WHO data.

### HIV

In 2023, Aurobindo, Cipla and Viatris, three generic manufacturers, signed sub-licences of ViiV Healthcare's licence with the Medicines Patent Pool (MPP) to develop, manufacture and supply generic versions of cabotegravir long-acting for HIV pre-exposure prophylaxis (cabotegravir LA for PrEP) in 90 countries, subject to obtaining regulatory approvals. ViiV Healthcare also works with global health agencies, NGOs, governments and community partners to plan for and support the introduction of ViiV-manufactured cabotegravir LA for PrEP introduction into national programmes. In late 2023, our first orders of cabotegravir LA for PrEP were delivered to a global partner for programmatic use in low- and middle-income countries.

ViiV Healthcare also has voluntary licensing agreements with 15 generic manufacturers to produce and sell low-cost single or fixed-dose combination products containing our HIV medicine dolutegravir for adults. These agreements cover 95 low- and middle-income countries, with one direct licence and the others via the MPP. There are similar agreements with 14 generic manufacturers for children, covering 123 countries, as well as separate agreements to enable greater access to dolutegravir in certain upper middle-income countries. In total, around 24 million people living with HIV across 128 countries had access to a generic product containing dolutegravir by the end of 2023. This is more than 90% of people living with HIV on antiretrovirals in generic-accessible low- and middle-income countries.

### Malaria

To date, over two million children in Ghana, Kenya and Malawi have been reached with at least one dose of *Mosquirix* (RTS,S/AS01E) through the WHO-coordinated Malaria Vaccine Implementation Programme. Developed by GSK and our partners, *Mosquirix* is a significant scientific breakthrough – it is the world's first malaria vaccine and first vaccine against any human parasite.

In July 2023, Gavi announced that up to nine more African countries are to be allocated doses of *Mosquirix* from early 2024. We have committed to supply a total of 18 million doses to Gavi-eligible countries between 2023 and 2025, with a plan to produce 15 million doses annually from 2026 to 2028.

In 2023, a landmark study by the London School of Hygiene & Tropical Medicine showed that combining *Mosquirix* with antimalarial drugs in areas of Africa with seasonal malaria reduced malaria cases and deaths in young children over a period of five years.

These findings confirm the potential of seasonal vaccination to provide a high level of protection over the first five years of life, when this protection is much needed.

### Helping to strengthen healthcare systems

In 2023, GSK and ViiV Healthcare joined forces with The Global Fund to pledge $7.5 million over three years to create the Gender Equality Fund, which will support community-based and -led organisations that are working to deliver lasting changes in health policies and programmes focusing on TB, HIV and malaria for women and girls in all their diversity. The Bill & Melinda Gates Foundation has committed to match this donation. We also renewed our partnership with Save the Children for another five years. Building on learnings over the last decade, we are focusing our partnership on reducing the number of 'zero dose' children – those who have never received a vaccine – in Ethiopia and Nigeria, which represent more than a third of the zero-dosed children in Africa.

+ For full details of our progress in our six focus areas, please see our ESG Performance Report

# Global health and health security

**We want to help address the biggest health challenges faced by people around the world.**

## Our commitment

To develop novel products and technologies to treat and prevent priority diseases, including pandemic threats

### Our ESG Performance Rating metrics

- Progress six Global Health pipeline assets to address priority WHO diseases
- Progress eight active R&D projects that address pathogens prioritised by WHO and CDC as posing the highest level of concern due to drug resistance (critical and/or urgent threats)

## Progress in 2023

### Global health R&D

In 2022, with ViiV Healthcare, we announced an investment of £1 billion over 10 years to accelerate global health R&D. By the end of 2023, we had invested 21%[1] of this and progressed 11 Global Health pipeline assets to address priority WHO diseases, including climate-aggravated diseases that have a disproportionate impact on lower income countries.

### Promising avenues for tuberculosis prevention and treatment

GSK is committed to tackling tuberculosis (TB), one of the world's deadliest diseases. We have developed a promising candidate vaccine, M72/AS01E, up to proof of concept (phase IIb). Building on our long-standing, successful history of working with external partners we have partnered with the Bill and Melinda Gates Medical Research Institute (MRI) for its further development.

(1) Budget phasing is not linear across the 10 year period.

## Responsible business continued

Gates MRI is well positioned to lead the large and complex phase III study required. In June 2023, Wellcome and the Bill and Melinda Gates Foundation announced funding of up to $550 million for phase III trials. If these trials are successful, M72/AS01E could be the first new vaccine to help prevent pulmonary TB in over a century.

### Breakthroughs in malaria research and treatment

In August 2023, we announced that GSK scientists had discovered a strain of a naturally occurring bacterium that could potentially help eradicate the disease. The Tres Cantos 1 (TC1) strain of the Delftia tsuruhatensis bacterium significantly reduces the load of *P. falciparum* malaria parasites in mosquitoes. This could potentially inhibit transmission of the parasite to humans. We continue to pursue this ground-breaking research while engaging with global health institutions and partners to identify the most effective and sustainable approach for development and mobilisation if successful.

### Supporting innovation through capacity and capability building

Through our Africa Open Lab initiative, launched in 2014, we support early-career scientists based in sub-Saharan Africa focusing on infectious diseases that disproportionately affect sub-Saharan populations, such as malaria, TB and AMR. In 2023, we agreed grants to ten researchers in six countries in sub-Saharan Africa and announced a further call for proposals in November. We are also working with African academic institutions to provide grantees with supplemental training in areas including epidemiology, statistics and clinical research.

### Strengthening health security

There are many factors that can jeopardise our health security – from new and emerging infectious diseases to the rise of AMR. Our primary contribution to strengthening health security is through our innovation to prevent and mitigate infectious disease.

We have more than 30 R&D projects across medicines and vaccines that are relevant to AMR, ranging from early- to late-stage development, with 12 R&D projects targeting pathogens deemed 'critical' or 'urgent' by the WHO and the US Centers for Disease Control and Prevention.

These include gepotidacin, which could be the first novel oral antibiotic treatment for uncomplicated urinary tract infections (UTIs) in over 20 years. Positive phase III data from the EAGLE-2 and EAGLE-3 trials were presented at the European Congress of Clinical Microbiology and Infectious Diseases in Copenhagen in April 2023.

In March 2023, we announced an exclusive licence agreement with Scynexis for *Brexafemme* (ibrexafungerp tablets), a first-in-class antifungal for the treatment of vulvovaginal candidiasis (VVC) and for reduction in the incidence of recurrent VVC.

### Progressing vaccines against enteric diseases to reduce the burden of antimicrobial resistance

Antimicrobial resistance (AMR) is a major threat to health globally, and it is particularly prevalent in low-resource settings. We continue to progress candidate vaccines against several enteric diseases which contribute to the burden of AMR, including invasive non-typhoidal salmonella, klebsiella, shigella, typhoid and paratyphoid fever. In 2023, it was announced that we are partnering with LimmaTech Biologics for the further development of a candidate vaccine against shigellosis, while we continue to develop another candidate vaccine against the disease which uses our vaccine platform technology, GMMA. Currently, there are no vaccines to help prevent shigellosis, a disease which causes 600,000 deaths each year.

See page 17 for more about our R&D pipeline.

+ For full details of our progress in our six focus areas, please see our ESG Performance Report

# Environment

**Climate change and nature loss are an urgent threat to human health, as well as a risk to business resilience. To get ahead of disease and to help ensure long-term business success, we need to take action on climate and nature.**

## Our commitment

Commit to a net zero, nature positive, healthier planet with ambitious goals set for 2030 and 2045

### Our ESG Performance Rating metrics[1]

- Operational emissions reduction (Scope 1 and 2 market-based emissions)
- Industrialisation of low-carbon *Ventolin* initiated, and clinical and non-clinical data available to support regulatory submissions
- Percentage of carbon offset volume in project pipeline
- Average of the percentage of GSK sites and suppliers compliant with wastewater active pharmaceutical ingredient limits and the percentage of suppliers that are compliant with the AMR Industry Alliance Common Antibiotic Manufacturing Framework and discharge limits
- Percentage of paper and palm oil deforestation free
- Operational waste and material reduction at our sites

(1) These metrics are related to the ESG Performance Rating outlined in our ESG Performance Report 2023. We also measure and report performance against our public environmental sustainability targets, which we publish on gsk.com

## Responsible business continued

### Progress in 2023

#### Climate

We have a clear pathway to a net zero impact on climate with ambitious goals for 2030 and 2045.

In 2023, the Science Based Targets initiative (SBTi) approved GSK's net zero target for 2045 in line with its Corporate Net-Zero Standard, the world's only framework for corporate net zero target setting in line with climate science.

Our value chain carbon footprint[1] is made up of:

- Scope 1 and 2 emissions from our own operations (7%)
- Scope 3 emissions from our supply chain (31%)
- Scope 3 emissions from patients using our products (57%), mostly metered-dose inhalers (MDIs)
- Scope 3 emissions from logistics (4%)
- Scope 3 emissions from the disposal of our products (1%)

**Targets[2]**

- 80% absolute reduction in greenhouse gas emissions from a 2020 baseline, across all scopes, and investment in nature-based solutions for the remaining 20% of our footprint by 2030
- 100% imported renewable electricity by 2025 and 100% renewable electricity (imported and generated) by 2030 (Scope 2)
- Net zero greenhouse gas emissions across our full value chain by 2045: 90% absolute reduction in emissions from a 2020 baseline, across all scopes, and all residual emissions neutralised

**Performance**

In 2023, we reduced our Scope 1 and 2 carbon emissions by 10% compared with 2022, and by 27% compared with our 2020 baseline. This was primarily from energy efficiency measures and increasing the amount of renewable electricity we use. As a member of the RE100 initiative, we have committed to reach 100% of our imported electricity from renewable sources by 2025 and 100% of all electricity we generate and import from renewable sources by 2030. In 2023, we reached 83% imported renewable electricity, an increase of 10% from 2022.

We signed a power purchase agreement to source renewable electricity to cover 50% of our electricity demand for our sites in Europe from mid-2026. Two additional wind turbines and the new solar farm at our manufacturing facility in Irvine, Scotland began generating renewable energy.

Our overall Scope 3 emissions are 10% lower than our baseline year of 2020, although there was a 4% increase in 2022 (our latest available data) compared to 2021. This was primarily driven by higher sales of metered dose inhaler (MDI) products. Although overall Scope 3 emissions increased from 2021 to 2022, in the same period, we reduced upstream Scope 3 emissions from our suppliers.

The goods and services we buy to make our medicines and vaccines, and additional upstream emissions, account for approximately 31% of our total emissions footprint. In 2023, our supply chain emissions fell by 2%.

The use of our medicines and vaccines makes up 57% of our total footprint. Most of this is from the propellant used in MDIs for asthma and chronic obstructive pulmonary disease (COPD).

GSK's rescue MDI medication, *Ventolin* (salbutamol) is an essential medicine prescribed to approximately 35 million people with respiratory conditions worldwide. Patient use of the inhaler, due to the current propellant, accounts for just under half (48%) of our carbon footprint. We are investing in a low-carbon programme with the potential to reduce greenhouse gas emissions from the inhaler by 90% by transitioning to a next generation, lower carbon propellant. Phase III trials will begin in 2024 and, if successful, regulatory submissions will start in 2025. This is to supplement our existing low carbon dry powder inhalers.

See pages 62 to 70 for our disclosure on climate risk and resilience in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

#### Nature

In 2023, we shared more detail on our plan for contributing to a nature-positive world, in line with the goal of the Global Biodiversity Framework to halt and reverse biodiversity loss by 2030.

It sets out how we approach nature through four focus areas – freshwater, land, oceans and atmosphere – including the biodiversity of living species across these areas.[3] We aim to deliver our contribution in three ways: avoiding or reducing our impact on nature, protecting and restoring nature, and helping to accelerate collaborative action. This approach is aligned with the work of the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN).

In May 2023 we were selected to be part of the first group of companies to participate in the initial target validation process with SBTN to set validated science-based targets for nature, starting with targets for freshwater and land, followed by targets for oceans and biodiversity.

We have already started to implement the final TNFD recommendations in our 2023 disclosure, which you can read on page 70.

(1) Based on 2022 data

(2) The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks

(3) We previously reported our Nature targets grouped by water, waste and materials, and biodiversity. In 2023, we updated our target categories to align with the four areas of nature as defined by TNFD and SBTN, with underlying targets on waste and materials. The targets remain the same

# Responsible business continued

## Freshwater

We continue to work towards our existing water targets.

### Targets

- Achieve good water stewardship at 100% of our sites by 2025
- Reduce overall water use in our operations by 20% by 2030
- Be water neutral in our own operations and at key suppliers in water-stressed regions by 2030
- Zero impact API levels[1] for all sites and key suppliers by 2030

### Performance

We achieved our overall water reduction target in 2022. In 2023, we reduced overall water use in our operations by an additional 1% compared with 2022 and by 6% in sites in high water stress regions. This is a decrease of 24% for overall water use and 11% for sites in high water stress regions against our 2020 baseline.

For our sites and key suppliers located in water-stressed areas, we are developing catchment-level water replenishment, restoration and regeneration projects, including partnering with NGOs to deliver our water neutrality target.

In 2023, 87% of all sites and key suppliers were compliant with AMR Alliance and API Wastewater discharge limits. This is down from 94% in 2022, primarily due to a scope expansion. This is driven by us expanding our scope to include more API suppliers which led to a decrease in the percentage of key suppliers that were confirmed to be within Wastewater API discharge limits.

Our work to strengthen responsible manufacturing of antibiotics was highlighted as an example of good practice in a 2023 report on the issue from the Access to Medicine Foundation's AMR Benchmark.

## Land

We continue to deliver on our existing land targets.

### Targets

- Positive impact on biodiversity at all sites[2] by 2030
- 100% of agricultural and forestry-derived materials sustainably sourced and deforestation free by 2030

### Performance

During 2023 we completed baseline assessments for six of our sites, meaning we have now assessed all our sites, using the Natural England Biodiversity Net Positive methodology. In parallel, we have plans in place to improve biodiversity at nine of our manufacturing sites from 2022.

We set out ambitious new Sustainable Sourcing Standards for suppliers who provide us with materials that are highly dependent on nature, like lactose, gelatine and soy.

We have roadmaps in place to achieve 100% sustainably sourced paper packaging and palm oil by 2025. In 2023, 86% of our paper packaging was derived from certified sources or from recycled raw materials and 98% of our core palm oil materials were certified by third-parties as being from sustainable sources.

While working with suppliers is a key part of our goal to reduce our impact on nature, where appropriate we will also look at opportunities to reduce or avoid the use of some natural materials, including through process efficiencies and synthetic alternatives. For example, we are working on a process improvement to deliver a significant yield increase, reducing our nature impact and improving supply resilience.

## Oceans

We continue to deliver on our existing ocean target (set out below), and will apply the relevant science-based methodology on oceans when it becomes available.

### Target

- 100% of marine-derived materials sustainably sourced by 2030

### Performance

Our impacts and dependencies on oceans come primarily from marine-derived materials that are a critical part of manufacturing vaccines and medicines. For example, we use horseshoe crab blood, which is an important substance that is required by some regulators to be used in pharmaceutical and biomedical quality control processes to ensure the quality and safety of medicines, vaccines and devices. We continue to make progress on volume reductions, and we are advancing a pilot across five of our sites to test the use of non-animal alternatives. At the same time, we are engaging with regulators to support wider uptake of these alternatives.

While we make progress on reducing volumes and moving to synthetic alternatives, we are working with our suppliers to improve sustainability. Our new Sustainable Sourcing Standards include a specific Marine Sustainable Sourcing Standard which outlines the requirements that our suppliers of marine-derived materials must adhere to. As part of this, we conducted physical site audits of key suppliers in 2023.

## Atmosphere

Air pollution is a significant risk to human health, particularly for patients with respiratory conditions like asthma and COPD.

### Performance

Our approach to air pollution includes reducing pollutants linked to burning of fossil fuels that will be addressed via our SBTi-aligned climate targets (set out on page 50), as well as looking more broadly at our air pollution footprint. We are members of the Alliance for Clean Air through the Clean Air Fund and the World Economic Forum. We have done an initial assessment to establish an air pollution footprint in our operations and our supply chain. We are creating reduction plans that are aligned to our pathway to net zero and which aim to have a positive impact on air quality.

(1) Below the predicted no-effect level
(2) GSK-owned sites

## Responsible business continued

### Waste and materials

The overuse of natural resources and the generation of waste and pollution are key drivers of climate change and nature loss.

#### Targets

Our approach to product stewardship means that we consider and aim to address impacts on nature and climate at every stage of the product lifecycle, from discovery, design, sourcing and manufacturing through to product use and disposal. We have set a target to help accelerate the adoption of this approach:

- 25% environmental impact reduction for our products and packaging by 2030

We have also set targets to reduce operational and supply chain waste:

- Zero operational waste[1], including eliminating single use plastics[2] by 2030
- 10% waste reduction from supply chain by 2030

### Product stewardship

Our approach to product stewardship across both new and existing products is built on a scientific method for environmental footprinting called Life Cycle Assessment (LCA).

Since 2022 we have completed an LCA analysis of 22 products using the LCA methodology which has enabled us to identify where we need to improve the manufacturing design, to assess potential savings from design changes and provide product-level information to key customers on specific products. 100% of GSK sites are now manufacturing PVC-free secondary and tertiary packaging.

### Waste

In 2023, we reduced operational waste by 1% since last year, a total of 21% since 2020. We increased the amount of materials recovered by circular routes by 53%.

We have maintained zero operational waste to landfill and we continue to build on our long-standing operational waste management programme to identify opportunities to find more beneficial uses for waste.

+ For full details of our progress in our six focus areas, please see our ESG
+ Performance Report

# Diversity, equity and inclusion

**We want to be an inclusive business where all our people can thrive, which ensures diversity in our clinical trials and supports diverse communities.**

## Our commitment

Create a diverse, equitable and inclusive workplace; enhance recruitment of diverse patient populations in our clinical trials; and support diverse communities

### Our ESG Performance Rating metrics

- 100% of phase III trials initiated in 2023 will have proactive plans in place designed to enrol appropriately diverse trial participants, consistent with disease epidemiology
- Improve year-on-year spend with US-based certified diverse-owned suppliers
- Update towards 2025 people aspirations through fair and equitable opportunities:
  - aspire to have women hold at least 45% of VP-and-above roles globally by the end of 2025
  - aspire to have at least 30% ethnically diverse leaders in our roles at VP-and-above in the US by the end of 2025, and increase the percentage of Black or African American, and Hispanic or Latinx VP-and-above leaders year on year
  - aspire to have at least 18% ethnically diverse leaders in our roles at VP-and-above in the UK by the end of 2025, and increase the percentage of Black VP-and-above leaders year on year

(1) Including a 20% reduction in routine hazardous and non-hazardous waste

(2) Where regulatory obligations allow, and excluding plastics which are critical to product discovery and development and health & safety

## Progress in 2023

### Clinical trial diversity

We continue to make progress in advancing clinical trial diversity. We met our objective of 100% of the phase III interventional trials initiated in 2023 having proactive diversity plans. We also are challenging ourselves to actively monitor patient recruitment in real time to ensure that we reach our diversity goals.

In February 2023, we published a study of 17 years of GSK and ViiV Healthcare US clinical trial diversity data. It showed that enrolling participants to clinical trials based on real-world disease epidemiology data, rather than census data, would ensure that those trials reflect the populations affected by different diseases. By publicly sharing this research, we hope to advance the discussion around clinical trial diversity and improve how the pharmaceutical sector approaches the issue of clinical trial diversity.

### Supporting diversity in our supply chains

By engaging with and mentoring small and diverse-owned businesses in our supply chain, we can help them identify potential areas for growth. In 2023, we increased our spend annually with US-based certified diverse-owned suppliers.

This year, we expanded our successful US supplier diversity programme to the UK. Groups which benefit from this programme include women, ethnic minorities, members of the LGBTQ+ community, people with disabilities and military veterans, as well as small businesses in high-unemployment, low income communities.

## Responsible business continued

### Ensuring diversity in our workplaces

We are fundamentally committed to equal employment opportunity and non-discrimination for all employees and we want all our leadership to reflect our GSK people and our people to reflect the communities we work and hire in.

At the end of 2023, women held 45% of VP-and-above roles globally, compared with 42% in 2022. Women made up 48% of all employees in 2023, and 50% of all management roles. In the UK at the end of 2023, we had 18.4% ethnically diverse leaders at VP-and-above, compared with 14.3% in 2022. We had 1.9% Black leaders at VP-and-above compared with 1.6% in 2022. In the US, at the end of 2023, we had 35.7% ethnically diverse leaders at VP-and-above, compared with 31.3% in 2022. We had 8.1% Black or African American leaders at VP-and-above compared with 8.6% in 2022. We had 6.4% Hispanic or Latinx leaders at VP-and-above compared with 6.4% in 2022.

We remain committed to the application of fair and equitable pay practices to ensure equal opportunities and equal pay for equal work. Our 2023 gender pay gap for all permanent UK-based GSK employees is -0.50% (mean), compared to the national average of 13.2%. We are also publishing our second UK ethnicity pay gap comparing the average pay of our White and Ethnically Diverse employees. Our 2023 UK ethnicity pay gap for all permanent UK-based GSK employees is -0.74% (mean), compared with 0.06% in 2022.

In addition, within our 2023 UK ethnicity pay gap report we are also sharing the pay gaps comparing the average pay of our White employees with those in the ethnic groupings of Black, Mixed, Asian and Other. This is with reference to the UK government's recently published guidance to provide a more granular view.

This year, we added Disability Confidence training into our First Line Leader training, aimed at all our people managers. This training is designed to develop inclusive leaders that are able to promote disability confidence within their teams.

We continue to work to make sure that our LGBTQ+ colleagues feel welcome, valued and included. We were once more recognised as a Gold employer in Stonewall's Top Global Employers Index.

We also relaunched our Mental Health Matters training. Available globally, it is designed to help our people spot the signs of poor mental health, know how to start a conversation with others, and signpost resources to support everyone's wellbeing.

### Supporting diverse innovators for the future

In the UK, we launched a £6 million, ten-year STEM equity programme, targeting 11–25-year-old girls and young women, black people and people from low socio-economic backgrounds. The programme includes nationwide STEM mentoring, delivered in partnership with established mentoring organisations. In its first three years, we aim to reach approximately 4,000 young people through this programme.

+ For full details of our progress in our six focus areas, please see our ESG Performance Report

# Ethical standards

**Our culture guides our people to behave in an ethical way, to do the right thing and Speak Up about any concerns they have. We expect everyone who works for us to live up to this, and we expect the same of our suppliers.**

## Our commitment

Promote ethical behaviour across our business by supporting our employees to do the right thing and working with suppliers that share our standards and operate in a responsible way

### Our ESG Performance Rating metrics

- 100% of employees and complementary workers complete GSK's 2023 mandatory training
- Percentage of employees who believe they 'can and do Speak Up if things don't feel right' is above the general industry benchmark[1]
- 80% of direct high-risk suppliers that achieve GSK's minimum EcoVadis score or have an improvement plan in place

(1) The general industry benchmark is 66% according to 2023 research by KornFerry

## Progress in 2023

### Supporting GSK people to do the right thing

Our Code of Conduct (The Code) reflects our purpose to unite science, technology and talent to get ahead of disease together. It sets out the commitments we make as a company and to each other to deliver on our purpose and ambition.

The Code is supported by additional global policies and standards. We also have an accompanying global mandatory learning curriculum, Living our Code, which all our people are required to complete. In 2023, 100% of our employees and 99% of complementary workers completed this training where due by year-end.

We also have anti-bribery and corruption (ABAC) training for our people in certain high-risk roles or geographic regions. This helps them identify and mitigate any potential ABAC risk – especially in third-party relationships – and to recognise, report and manage conflicts of interest. In 2023, 100% of employees and 99% of complementary workers completed this training.

# Responsible business continued

## Reporting and investigating concerns

In 2023, we saw an overall decrease in the number of employees who had concerns raised against them, employees disciplined for policy violations and open cases at year end. This is reflective of several factors including external geopolitical and economic issues affecting some countries which changes the nature of concerns raised and, internally, our continued emphasis on appropriate management and closure of cases.

## Our commitment to human rights

We are signatories to the UN Global Compact and our Human Rights Position Statement lays out our commitment to the UN Guiding Principles on Business and Human Rights. We have a cross-business Human Rights Steering Group, which reports to the GLT and Board's Corporate Responsibility Committee, and drives progress on human rights impacts and risks across the business.

In 2023, we carried out human rights training for priority suppliers, aimed at ensuring a good understanding of human rights and labour principles and aligned with international standards. We also continued our human rights training for procurement and third-party engagement leads, to better equip them to spot human rights issues when visiting suppliers. We conduct audits and site visits covering Environment, Health and Safety (EHS) and labour rights for our priority suppliers.[1] Some of the top issues identified during supplier visits in 2023 related to policy, wages and compliance. All observations have action plans in place to drive improvement.

We are committed to fair and equitable pay, ensuring that all employees globally receive pay that is competitive in their local markets and sufficient to support a sustainable standard of living. In 2023, the Fair Wage Network certified GSK as a Living Wage employer, after it reviewed the global gap analysis we conducted in 2022. It confirmed that all GSK workers are paid at or above the living wage in their relevant markets. We have also developed a consistent approach to how GSK will manage global fair wage analysis annually, as well as a methodology for the Fair Wage Network to use to continue to assess us.

## Working with third parties

We expect our third parties to comply with applicable laws and regulations and to adopt, at minimum our ABAC and labour rights principles and, where relevant, to comply with our standards on quality, patient safety, health and safety, and the environment. In 2023, we performed over 7,500 assessments of our high-risk third parties across 17 risk areas.

Across the organisation, we give additional support on EHS risks to our largest suppliers, including those who supply globally medically-critical products, as well as those who are critical to our R&D, and those largest by spend.[2]

We visit sites, in person or virtually, to help suppliers better understand and control their EHS risks. This year, we conducted 73 physical visits across 63 priority suppliers.[3] We conducted 47 supplier audits following industry standard Pharmaceutical Supply Chain Initiative guidelines. We trained more than 1,000 supplier employees on EHS, strengthened EHS contractual obligations and have worked with suppliers to help them improve their EcoVadis scores.

## Using data responsibly

Data is an essential foundation to realising our ambitions for patients. Advances in artificial intelligence (AI) and machine learning (ML) technologies present tremendous opportunities, but the technologies must be approached correctly, responsibly and ethically. Increases in the volume of data processed through AI/ML use have resulted in a greater focus on data governance and the ethical use of personal information, over and above compliance with data privacy laws. We take our responsibility for data privacy seriously and we exercise high standards of integrity in dealing with personal information.

Our Digital and Privacy Governance Board oversees our overall data ethics and privacy operating model, supported by digital and privacy legal experts and compliance professionals. We monitor and mitigate new and emerging cyber threats to protect ourselves from cyber security risks. We have additional governance boards that oversee the use of our data in the research, development, manufacture and supply of our products to ensure we follow regulations and meet ethical obligations.

In 2023, we created a cross-functional AI Governance Council to oversee our AI strategy and to ensure responsible adoption of AI/ML. This is complemented by an internal policy to ensure AI/ML adoption is safe and aligned with GSK's culture by establishing AI Principles underpinned by the ethical standards set out in the GSK Code.

## Political engagement

At GSK, we seek to contribute to public policy debate, especially in relation to life sciences and healthcare. We are committed to the highest ethical standards and legislative requirements in all of our political engagements. We do not make corporate political contributions, nor do we sponsor party political meetings anywhere around the world.

+ For full details of our progress in our six focus areas, please see our ESG Performance Report

(1) Our largest suppliers, including those who supply globally medically critical products, are critical to our R&D, and those largest by spend

(2) GSK maintains a list of globally medically critical products. These are drug products approved to treat a life-threatening disease or medical condition for which there is no other adequately available alternative and of which GSK is the only provider

(3) Our EHS priority suppliers are API suppliers who are, or will be, medically-, R&D-, or revenue-critical to GSK, or are high spend suppliers

Responsible business continued

# Product governance

## Our commitment

We commit to maintaining robust quality and safety processes, and using data and new technologies responsibly.

### Our ESG Performance Rating metrics

- Average number of critical and major findings per inspection by FDA/MHRA/EMA regulators[1]
- Percentage of inspections from all regulators with no critical findings or official action indicated
- Number of FDA warning letters
- Total number of Class I/II external product recalls across all markets
- Register and disclose all human subject research of GSK products. Specifically, register protocol summaries for studies initiated in 2023; and disclose results summaries for studies with results due in 2023

## Progress in 2023

### Maintaining quality across GSK

We have a detailed and specific quality framework that describes how we comply with regulatory requirements and other standards across our markets. This addresses global and local regulations across manufacturing and distribution processes, and is based on principles defined by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.

Our GSK quality function is responsible for managing quality and for ensuring a quality mindset is embedded throughout the organisation at all levels. It brings together an extensive global network of quality and compliance professionals within each of our business units, from site level to senior management.

Our quality management depends upon comprehensive and ongoing patient safety and quality process training. The Quality Management System details the training required by GSK people, including induction, hygiene, safety and technical skills training, as well as good distribution and manufacturing practice training. Employees who carry out specific, quality-critical or sensitive activities are subject to additional training as necessary.

### Inspections, recalls and audit

In 2023, we had 114 regulatory inspections at our manufacturing sites and local operating companies, compared with 122 in 2022. We received zero warning letters from the United States Food and Drugs Administration (FDA) or critical findings from the Medicines Healthcare products Regulatory Agency (MHRA) and European Medicines Agency (EMA) regulators in 2023. We respond to and learn from all inspection findings, taking the necessary action to address them.

Throughout 2023, we had two Class I product recalls and there were fewer Class II recalls compared with 2022.[2] If necessary to protect patients, we will not hesitate to recall products voluntarily.

### Quality management along our supply chains

In 2023, we conducted 1,081 quality audits of contract manufacturers and suppliers to verify that they comply with GSK standards. We have a comprehensive quality oversight model that is aligned to our Quality Management System. It uses a risk-based approach to assess, qualify, manage and monitor our third-party suppliers on an ongoing basis, driving continuous performance.

### Pharmacovigilance at all times

We have a well-established and rigorous worldwide system to monitor and review the safety of our products throughout clinical development and after regulatory approval. We expect our partners to meet the same high standards of safety and governance. We conduct reviews of third-party safety systems, monitoring of contractual obligations and fostering collaboration through the lifecycle of the relationship.

### Tackling counterfeit medicines and vaccines

Falsified products put the health of patients at risk and threaten our brand and reputation. We report all cases of confirmed counterfeit products to the WHO and to relevant regulatory authorities. We actively participate in legal proceedings against illegal actors, and support customs and local authorities with regular training. We also monitor online marketplaces and social media to request takedowns of sites illicitly selling prescription-only medicines.

### Clinical data transparency

As part of our commitment to transparency, we have made 7,988 protocol summaries and 6,734 summaries of results available since the GSK trial register was set up in 2004. We have also listed 2,669 clinical trials for data sharing via www.vivli.org.

+ For full details of our progress against our six focus areas, please see our ESG Performance Report

(1) We consider any observations from the US FDA as major

(2) Class I recalls are triggered by a reasonable probability that the use of or exposure to a violative product will cause serious adverse health consequences or death. Class II recalls address the use of or exposure to a violative product which may cause temporary or medically reversible adverse health consequences, or where the probability of serious adverse health consequences is remote. Class III recalls relate to the use of or exposure to a violative product which is not likely to cause adverse health consequences

# Risk management and disclosure statements

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# Risk management

We can only deliver our bold ambitions for patients if we maintain a well-embedded risk management and internal control framework overseen and evaluated by our Board.

## Controls and guidance to manage risk effectively

Our well-embedded risk management and internal control framework gives our Board the ability to evaluate and oversee how the company manages principal and emerging risks in line with our strategy and long-term priorities. Our company-wide policy sets out the requirements, roles and responsibilities for the management and governance of risks and controls, as well as supporting guidance on the essential elements of our internal control framework. We routinely evaluate our risk management and internal control framework for improvements.

## Board oversight setting the 'tone from the top'

The Board oversees our system of risk management and internal control and establishes our risk appetite, supported by the Audit & Risk Committee (ARC). The Corporate Responsibility Committee (CRC) and Science Committee further assess the effectiveness of risk management strategies that fall within their defined remits. Both the ARC and the Board oversee our cyber security risks. For more details on the Board and its committees' responsibilities and remit, see page 116. Our Risk Oversight and Compliance Council (ROCC), co-chaired by our Group General Counsel and our Chief Compliance Officer, helps the ARC, CRC and Science Committee to oversee the risks, and the strategies used to address them. Also, risk management and compliance boards (RMCBs) across the Group promote the 'tone from the top', establish our risk culture and oversee the effectiveness of risk management activities, while also communicating information about internal controls. Management is held accountable for delivering on its objectives in line with the established risk appetite pertaining to principal risks. The Disclosure Committee has the responsibility for considering the materiality of information and determining the disclosure of this information in a timely way. An enterprise risk owner is responsible for each principal risk, overseen by a GLT member. Risk owners report risk and mitigation to ROCC and the appropriate Board committee each quarter. Significant risks or issues can also be escalated to the GLT, RMCB, or appropriate risk governance forum (e.g., Global Safety Board) throughout the year as needed. Legal & Compliance support these efforts by advising on our business strategies, activities, risks and controls. Audit & Assurance provides assessments of the adequacy and effectiveness of our framework.

## Considering the likelihood, impact and timescale of risks

Our enterprise risk assessment methodology is the mechanism by which we assess all risk, including our principal risks. Our enterprise risk assessment methodology considers the likelihood and impact of risks, and the timescale over which a risk could occur based on the most probable scenario and considering our existing internal controls. Our impact assessments include considerations across patient safety, quality and supply; environment, health and safety; legal; people; regulatory; reputation; strategic objectives; and finance, incorporating materiality thresholds. As well as considering current and evolving risks, we evaluate emerging risks that could affect our ability to achieve our long-term priorities over the three-year horizon, in line with our viability statement. We also define risks as 'emerging' if we need to know more about how likely they are to materialise, or what impact they would have if they did. We further evaluate emerging risks and their impact on the company to assess whether they should be elevated to a principal risk. Our risk management and compliance boards at all levels identify emerging risks on an ongoing basis, and ROCC discusses evolving and emerging risks at each meeting. At the same time, we scan the risk horizon throughout the year to identify external trends that may be opportunities and/or emerging risks and monitor our business activities and internal environment. ROCC conducts an annual risk review to assess principal and emerging risks for the company. This review is supported by extensive analysis of external trends and insights, senior-level interviews and recommendations from risk management and compliance boards and risk owners. ROCC shares this annual review with the ARC and Board for assessment and agreement, forming the basis for the following year's risk management focus.

Our business strategy, results of operations and financial condition have not been materially affected by risks from cyber security threats, including as a result of previous cyber security incidents, but we cannot provide assurance that they will not be materially affected in the future by such risks and any future material incidents.

# Risk management continued

## Our risk management and internal control framework

Our risk management and internal control framework is aligned to industry standards and legal and regulatory requirements. It defines the essential elements we expect and helps us to identify, assess, manage, report and oversee risk relevant to our business activities. This framework helps to ensure our risks are proportionately managed in line with our risk appetite throughout the year in a timely and transparent manner to support our strategic objectives.

For our principal risks, which include information and cyber security, we define enterprise risk plans that include a description of the risk, its context, our assessment, risk appetite, how we will treat the risk, and the actions businesses will take in line with our internal control framework to mitigate the risk. These plans enable our Board committees to assess the effectiveness of our risk management strategies. We report on our principal risks and emerging risks to ROCC and the respective Board committees every quarter, to drive more dynamic, data-driven discussions, agile risk management strategies and oversight. We report on existing control measures, implementation, emerging risks, external insights and key risk indicators with risk reporting thresholds aligned to risk appetite. We include risks and mitigations associated with relevant events around us, such as geopolitical tensions.

Our Code sets out the overarching expectations for our employees and complementary workers. We aim to do the right thing with integrity and care as part of our culture. Our risk management framework complements our culture and Speak Up processes in making sure that we identify and mitigate risks effectively. We monitor our most important risks and take action to address issues. Our annual confirmation exercise with General Managers, Site Directors, senior leaders and GLT, checks that key risks are well managed, and that actions are in place to address gaps. Our principal risks include controls for responding to problems within their risk plans. We also have business continuity planning embedded in our framework and our critical processes, so we can continue business operations in the event of a crisis.

## Reporting our current risks

The table starting on page 59 shows our current principal risks and respective trends, assessments and mitigation activities for the year. These are not in order of significance. For full risk definitions, potential impact, context and mitigating activities, see Principal risks and uncertainties on page 284. Other risks, not at the level of our principal risks, related to ESG, including environmental sustainability and climate change, are managed through our six focus areas, as described in our ESG Performance Report. Additional information on climate-related risk management is in our climate-related financial disclosures, on page 62.

## Changes to our risks for 2024

In our December 2023 annual risk review, the ARC agreed to ROCC's recommendation of our principal risks for 2024, which remain largely unchanged. The emerging risk of data management will continue to be evaluated during the year.

+ Viability statement – see page 76
+ ARC report – see page 133
+ Internal control framework – see page 134
+ Legal proceedings – see page 263
+ Environment – see page 49
+ Climate-related financial disclosures – see page 62

# 2023 principal risks summary

| Risk | Trend versus prior year | Assessment and mitigation activities |
|---|---|---|
| Patient safety | → External | The external risk environment remains stable. Our pharmacovigilance function, like those across the industry, contends with a challenging legal and regulatory environment. Even with an optimised, state-of-the-art pharmacovigilance system we cannot predict all issues impacting safety and efficacy that could potentially result in regulatory action and/or litigation. This is particularly true of issues not based on robust scientific evidence of the ongoing benefit/risk assessment for our products. |
| | → GSK | Our internal risk environment remains stable in 2023. We continue to focus on ensuring an optimised benefit/risk profile for all vaccines and medicines through appropriate safety expertise and oversight. We successfully completed a significant transition to a simplified third-party support model for global pharmacovigilance operational activities. |
| Product quality | → External | The external risk environment is stable, yet remains high. In May 2023, regulatory agencies ended their emergency COVID-19 measures and resumed on-site inspections of our sites (both planned and unannounced) to make sure they meet product quality expectations. Increased nationalism following the pandemic has driven a broader spectrum of regulatory requirements. This continues to rapidly evolve with new pharmaceutical, chemical and environmental expectations for our products. The focus on data governance and data integrity remains. The application of AI/ML to improve manufacturing and quality is in its infancy, with uncertainty about how this will be regulated in the GxP arena. The US FDA is working with industry to understand its application and develop guidance. |
| | → GSK | Our risk exposure remains stable. Our ongoing inspection readiness programme ensures preparedness for regulatory authority inspections. We continue to invest in technology to strengthen our data management controls and modernise our quality processes. We are proactive in anticipating regulatory expectations and continue to work at an industry level to refine quality standards and build new competencies to assure product quality. |
| Legal matters | ↑ External | The external risk environment is increasing. The wide-ranging regulatory environment remains challenging, due to uncertainty, volatility and sometimes conflicting requirements, influencing the ability to determine exact requirements in each market. Government agencies, and notably the US, are increasingly looking to use competition law to tackle perceived issues with access to medicine, pricing and acquisitions. Governments are continuing to enforce anti-corruption laws and regulations, including a nationwide one-year campaign to fight corruption in healthcare in China. Sanctions continue to be complex in the current geopolitical environment, particularly those concerning Russia. |
| | → GSK | Our risk exposure is stable due to robust internal systems, processes and monitoring to ensure proactive and timely response to changes by adapting our internal controls, which are designed to accommodate external regulatory fluctuations and changing risks. |
| Financial controls and reporting | → External | The external risk environment remains challenging due to political uncertainty, proposed increases in the obligations of directors and auditors, increasing threats of cyber attacks and fraud, and increasing disclosure requirements including ESG and non-financial information. |
| | → GSK | Our risk exposure remains stable due to our ongoing focus on the resilience of personnel and the testing of our internal control framework. We implement optimal risk mitigation through transformational programmes, technology, centralised processes, and risk and control assessments, and maintain effective tax and treasury strategies. We continually strengthen our control frameworks and collaborate with external bodies on setting standards. |
| Commercial practices | → External | The external risk environment is stable. Governments remain focused on initiatives to drive down medicine and vaccine costs for consumers. The passing of the US Inflation Reduction Act (IRA) of 2022 introduces new Medicare inflation-based drug rebates and a drug pricing negotiation programme which could have an overall negative effect on us. Also, macroeconomic factors such as inflationary pressure contribute to a challenging environment for all stakeholders. Competitive pressure remains intense across therapy areas and market segments. |
| | → GSK | Our risk exposure remains stable. We have a mature and robust control environment that has evolved to match the competitive enhancements to our commercial and digital practices, including significantly higher volumes of engagement with healthcare professionals. This has been supported by embedding an end-to-end speaker engagement system, eliminating zero-value contracts, enhanced case study training on the medical commercial interface, implementing a new tenders procedure, and implementing enhanced interactive digital media channel oversight. |

## 2023 Principal risks summary continued

| Risk | Trend versus prior year | Assessment and mitigation activities |
|---|---|---|
| Scientific and patient engagement | ↑ External | The external risk environment is changing. The diversity of engagement platforms continues to increase, while digital health technologies and generative AI advance rapidly. Also, the environment continues to be characterised by complex, dynamic disease areas and treatments with increased volume of patient-centric activities during all phases of the product lifecycle. |
| | → GSK | Our risk exposure remains stable. We continue to build innovative digital capability and improve our engagement practices and internal controls to mitigate risk in the rapidly evolving environment. We use data and systems to monitor for emerging risks associated with scientific and patient engagement activities. |
| Data ethics and privacy | ↑ External | The external risk environment continues to increase as the global landscape of data protection, privacy and cyber laws develops. Given that the current pace of technology-focused innovation is expected to continue, companies need to be mindful of relevant potential legislation and regulations. The increasing trend for data sovereignty could affect healthcare companies in their ability to drive medical innovation and operate internationally. Global regulators (such as the EU, UK, US and China) are also introducing legislation around the use of AI and ML which is closely aligned with privacy regulations. These regulations will play a key role in safeguarding privacy by ensuring responsible data usage, transparency and ethical use of data, while preventing biases and managing international data flows. |
| | ↑ GSK | Our internal risk exposure is increasing given our focus on data in an uncertain external environment. Our data ethics and privacy operating model has been transformed to make sure it is flexible enough to adapt to emerging privacy laws in the US, EU, UK, China and India, including addressing restrictions imposed by regulators in relation to international data transfer mechanisms. We have focused on simplifying of principles and processes, while allowing flexibility around the deployment of our model in different territories and business functions. |
| Research practices | ↑ External | The external risk environment is increasing as technology-focused innovation accelerates the discovery and development of medicines and vaccines. Advances in technology, expanded use of data and digital footprints, more sophisticated cyber security threats, the rising trend for data sovereignty and developing global landscape of quality standards, data protection, privacy and cyber laws, and new entrants to the sector continue to influence the environment. Companies should consider the relevant emerging legislation and regulations and impact on their ability to drive innovation and operate internationally. |
| | ↑ GSK | Our risk exposure is increasing as we adopt new technologies and scale our adoption of AI in the discovery and development of medicines and vaccines. We continue to adapt our internal business processes to enable innovation and to meet ethical, societal and regulatory expectations. |
| Environment, health and safety (EHS) | → External | The external risk environment remains stable. There are currently no external EHS risk factors that reduce our ability to discover and manufacture our vaccines and medicines safely. |
| | → GSK | Our risk exposure remains stable. We've continued safety leadership training, embedding our Life Saving Rules, and adhering to our EHS standards. We have initiated a Contractor Safety programme that will deliver improvements to reduce the risk profile associated with using contractors across all business units and are strengthening our driver safety programmes. |
| Information and cyber security | ↑ External | External risk continues to rise as digital footprints increase and threats from cyber security become more sophisticated, including threat actors having access to more sophisticated AI capabilities. Continued geopolitical conflicts have also increased cyber security risk to large corporations. |
| | ↑ GSK | Our risk exposure continues to increase as we adopt new technologies and scale our adoption of AI across GSK. We remain on track to deliver our multi-year Cyber Maturity Programme (CMP) and other risk mitigation programmes including China, High Risk Jurisdiction, and processes and accountabilities for data management, to improve our controls and governance to identify, protect, detect, respond to, and recover from cyber security incidents. |

## 2023 Principal risks summary continued

| | | |
|---|---|---|
| Supply continuity | → External | The external risk environment remains stable. In 2023, there have been cyber attacks on two of our third-party logistics providers, which has tested our business continuity planning. The constraints seen on sourcing bioscience materials in 2022 has abated, however a new constraint is emerging on third-party sterile manufacturing capacity, which increases competition for contract manufacturing operations. Extreme weather events continue to present challenges across the industry for facilities worldwide. |
| | → GSK | Our risk exposure remains stable, maintained through a combination of well-defined supply chain management processes, clear escalation pathways to ensure supply continuity and clear succession plans in place for critical supply chain roles. Our Supply Chain 2030 initiative and the integration of the Medicines and Vaccines supply chains into one organisation demonstrate our commitment to evolving our technology platforms and product portfolio without affecting supply continuity, which remains consistently high. |

# Climate-related financial disclosures

Our climate-related financial disclosures are consistent with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD) including the TCFD all-sector guidance, and in compliance with the requirements of LR 9.8.6R.(8) (UK Listing Rules). The disclosures are in compliance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 of the Company Act 2006. In 2023 we have updated our risk assessments to reflect changes in the supply chain and the progression of our sustainability transformation programme.

## Governance

### The board's oversight of climate-related risks and opportunities

#### Board

The Board considers climate-related matters throughout the year. This includes assessing risk management processes, challenging and endorsing the business plan and budgets, including overseeing major capital expenditures, acquisitions and divestments. In 2023, the Board approved progression to the next phase of development of the low carbon Ventolin programme.

The Corporate Responsibility Committee (CRC) exercises oversight, provides guidance and reviews our ESG performance, including climate-related risks and opportunities, and environmental performance against targets.

The CRC receives quarterly updates on environmental sustainability, including climate. Regular attendees include the CEO, and the President Global Supply Chain. See page 116 for further details of the Board architecture.

In 2020 the CRC reviewed and approved GSK's twin goals on climate and nature. Following the demerger of the consumer healthcare business in July 2022, the CRC approved that GSK would submit updated refreshed targets to the Science Based Targets initiative (SBTi) that are aligned to a 1.5°C pathway, and to align to the SBTi Net Zero Standard, to reduce carbon emissions by 80% by 2030 and 90% by 2045.

In 2023 the CRC met five times and discussed climate-related issues on three separate occasions with management.
It focused on:

- progress in delivering against our climate ambitions including low carbon Ventolin and Nature Plan updates
- implications of the geopolitical landscape
- key milestones and decisions required to achieve net zero targets
- mid-year performance for key environmental metrics, including climate-related metrics, as part of reviewing the interim ESG Performance Rating for 2023
- approved our climate disclosure statement and final ESG Performance Rating for 2022 and other public environmental reporting and disclosures

### Management's role in assessing and managing climate-related risks and opportunities

#### GSK Leadership Team (GLT)

The GLT meets regularly, giving members an opportunity to discuss strategic, financial and reputational matters.

The President, Global Supply Chain, a GLT member, has management responsibility for environmental sustainability, which includes climate change. He is responsible for governance and oversight of risks and opportunities and makes sure there is an effective framework to manage the risks and opportunities across each of our business units, along with delivering on our commitments to a net zero, nature positive, healthier planet, with ambitious goals set for 2030 and 2045 across our entire value chain.

In 2023 GLT reviewed and discussed the mid-year performance for key environmental metrics, including climate-related ones (see page 49) as part of reviewing GSK's ESG Performance Rating.

#### GSK Sustainability Council

The Sustainability Council, held quarterly, is attended by senior leaders from across the business. Members include leaders from procurement, finance, HR, compliance, R&D, manufacturing and corporate affairs. The Council is co-chaired by the President Global Supply Chain and the VP Sustainability and supported by the global Sustainability team and external third parties, who provide specialist expertise and advice to the business.

In 2023 the Council:

- approved the annual targets for the climate Key Performance Indicators (KPI) of the sustainability programme
- reviewed monthly performance and escalations of any potential concerns or issues
- approved the annual climate risk review and approach for risk disclosure
- agreed that the newly formed ESG Reporting Hub would be accountable for assurance of environmental data in 2023
- reviewed progress of the core programmes to improve the sustainability of our supply chain
- reviewed progress towards securing a portfolio of carbon credits in support of our 2030 commitment

## Climate-related financial disclosures continued

### Other business support

The Sustainability Council is supported in assessing and managing climate-related risks and opportunities by:

- the sustainability programme steering team, which is chaired by the VP Sustainability that meets monthly and co-ordinates the sustainability programme and associated workstreams. This team monitors programme performance and the progress of the enablers required to deliver the sustainability programme
- sustainability councils within each business, which meet quarterly to review their business unit performance and delivery against the company sustainability ambition. These are chaired by senior leaders within the business who also attend the GSK sustainability council
- the Metered Dose Inhaler steering team, which is attended by senior leaders from across the commercial, supply chain, regulatory and R&D businesses aligned to our respiratory business. This team is chaired by the President Global Supply Chain, who also chairs the Sustainability Council and is the decision-making body for the programme to reduce the climate impact of metered dose inhalers which contribute to approximately 50% of GSK's total GHG emissions
- the Capital Allocations Board (CAB), which is chaired by the CFO and includes the Group Financial Controller, reviews climate-related capital expenditure as part of its annual planning and capital allocation process
- the ESG Reporting Hub, which was established in 2023, provides oversight and assurance of ESG performance data, including carbon emissions data
- The carbon offset programme steering committee, which includes the Group Financial Controller and the VP Sustainability, who also attends Sustainability Council, reviews the due diligence outcomes of potential carbon offset projects, the performance of established investments and makes new investment decisions
- A cross-functional team from the Sustainability, Finance, Supply Chain and Procurement functions performs an annual review of climate risks to monitor previously identified climate risk and escalate new or emerging climate risks to the Sustainability Council
- Results of climate scenario modelling are shared with business unit Risk Management Control Boards (RMCB)

## Strategy

**The climate-related risks and opportunities we have identified over the short, medium, and long term**

Climate-related risks and opportunities are considered in three different time horizons:

1. short term (less than three years) aligning with financial planning timeframes
2. medium term (three to ten years) aligning with long-term business forecasting timeframes
3. long term (more than ten years) to enable us to explore the uncertainties in changes to weather, disease patterns and societal responses to climate change across the globe

We have identified and prioritised these climate-related risks and opportunities:

**Risks:**

- changes to regulations governing the supply of high global warming potential (GWP) substances by the EU, UK and US governments could restrict our ability to manufacture metered dose inhalers
- future regulatory policy responses to address climate change could lead to the imposition of carbon taxes by countries where we manufacture and source goods from third parties
- increasing levels of water stress could lead to interruptions to supply of water to our and third-party supply sites
- increasing frequency and impact of extreme weather events that could disrupt to GSK and third-party supplier sites
- nature-based projects might not deliver sufficient volumes of carbon credits to offset 2 million tonnes $CO_2e$ per year from 2030, requiring us to buy additional credits at higher cost

**Opportunities:**

- At COP28 in 2023, more than 70 countries committed to provide low-carbon healthcare systems. This could lead to increasing demand for low-carbon medicines and vaccines
- Several reports exploring the impact of climate change and health have shown that climate change affects water- and vector-borne diseases. This could lead to increasing demand for new medicines and vaccines

The processes for identifying and assessing climate-related risks and opportunities are set out in the Risk Management section. We will continue to monitor for emerging risks and new data to include in future assessments.

**The impact of climate-related risks and opportunities on our business, strategy and financial planning**

Our commitment to work towards a net zero, nature positive, healthier planet with ambitious goals set for 2030 and 2045 is embedded in our strategic long-term priorities, always considering the social, environmental and governance impacts of everything we do from laboratory to patient.

Our near-term carbon reduction target is an 80% reduction in Scope 1 & 2 and Scope 3 carbon emissions by 2030. Our long-term carbon reduction target is a 90% reduction in Scope 1 & 2 and Scope 3 carbon emissions by 2045. Both targets are measured against a 2020 baseline.

These targets are aligned to the 1.5°C pathway and were approved by the Science Based Targets initiative (SBTi) during 2023.

## Climate-related financial disclosures continued

### Transition plan

We are taking action to reduce emissions across our full value chain, prioritising the highest-impact areas. We will invest around £1 billion from 2020-30 to deliver emissions reductions and removals to achieve our targets though the activities outlined below.

Beyond 2030 we expect we will be left with the harder-to-tackle emissions from across our supply chain, our own operations, logistics, and disposal. In many cases, addressing these residual emissions is likely to depend on technologies, infrastructure and regulatory frameworks that require broad public/private collaboration. So our decarbonisation plan is interdependent with the broader economic transition and follows a similar timeframe.

Our progress in reducing carbon emissions can be found on page 50.

### Direct operations

In order to continue reducing Scope 1 & 2 emissions across our operations by 2030, we are focusing on:

- maximising energy efficiency in our sites through our long-standing energy efficiency programme
- transitioning to 100% imported renewable electricity by 2025 by investing in power purchase agreements, supplemented by the purchase of energy attribute certificates
- increasing the use of electric vehicles by our sales fleet

#### Risks and uncertainties

In some markets where we operate, such as Singapore, accessing renewable electricity will be challenging because of the limited generation capacity and the market boundary rules governing imported electricity.

There are uncertainties in the transition to renewable heat. High-temperature heat produced by electricity is not generally commercially available today. Biogas can replace natural gas without introducing major changes to facilities but is not widely available in the locations where we operate. The use of biomass as fuel could introduce issues of land use change and impacts on local air quality.

The transition to 100% electric vehicles by 2030 could be restricted by vehicle availability, lack of charging infrastructure and sourcing of key materials for battery production.

### Supply chain

Our Sustainable Procurement Programme requires our suppliers to disclose emissions and set carbon reduction targets aligned with a 1.5°C reduction pathway. We also work with suppliers, particularly those with the largest footprint, to encourage them to adopt new sustainability measures.

Supply chain emissions are a shared challenge across our sector, and we are working with our peers on collaborative initiatives such as:

- the Activate programme to help Active Pharmaceutical Ingredients (API) suppliers accelerate decarbonisation initiatives
- the Energize programme to encourage the use of renewable energy throughout the pharmaceutical sector's supply chain
- the Manufacture 2030 initiative to encourage suppliers to measure, manage and reduce their emissions
- the Pharma LCA consortium is a group of eight global pharmaceutical that have come together via the Pharmaceutical Environment Group with support from the Sustainable Markets Initiative to co-develop a shared way of measuring and reporting environmental product footprints

#### Risks and uncertainties

Pharmaceutical manufacturing processes are highly regulated by different agencies across the world which may slow down the implementation of some decarbonisation initiatives.

Our supply chains are complex and can involve several intermediate stages of production that are highly product-specific. Our volume demand on specific materials is quite low which can reduce our ability to influence where we only purchase a small share of a supplier's production.

Many suppliers are based in regions where renewable electricity and heat is less available than elsewhere.

Measuring Scope 3 emissions is complex and challenging and there is a lack of primary data from suppliers. Methodologies involve using spend-based estimates mixed in with activity-based data, industry average data and extrapolations based on subjective choices and judgments. As data systems, processes and controls mature and more primary data becomes available, there may be the need to restate reported emissions data in the future.

### Product impact

The use of our products makes up 57% of our carbon footprint. Patient use of GSK's rescue metered dose inhaler (MDI) medication, *Ventolin* (salbutamol), accounts for just under half (48%) of our carbon footprint. We are investing in an R&D programme and a large factory upgrade project to redevelop this inhaler by transitioning to a lower-carbon propellant. Recent data from early clinical trials has supported the decision to progress to phase III and dosing of first patients is planned in the first half of 2024. If successful, regulatory submissions will begin in 2025.

#### Risks and uncertainties

Metered dose inhalers are complex devices, and any new medical propellant must meet a specific range of technical performance characteristics to be safe and efficacious for patients.

We are engaging with medical regulators such as the US Food and Drug Administration (FDA), European Medicines Agency (EMA) and the UK Medicines and Healthcare Products Regulatory Agency (MHRA) on how advances in pharmaceutical product design can reduce the environmental impact of medicines.

## Climate-related financial disclosures continued

### Carbon credits

While we are focused on emissions reductions to meet our carbon targets, we are also investing in high quality nature protection and restoration projects that support our net-zero and nature positive goals and deliver co-benefits to human health to generate carbon credits to offset annually the 20% of our baseline value chain carbon footprint from 2030. The volume of credits required will taper down to 10% as we continue to reduce our emissions, aiming to achieve net zero emissions across our full value chain by 2045. Our criteria for high quality projects include avoidance of harm, transparency, additionality, permanence, mitigation of leakage, project monitoring, reporting and verification of claims and avoidance of double counting.

For our 2030 target we are prioritising carbon removal credits, but we will also secure a proportion of carbon avoidance and reductions credits in recognition of their critical role in conserving existing carbon stocks and protecting nature. For our 2045 Net Zero target, we will aim to secure only carbon removal credits.

#### Risks and uncertainties

We recognise that this is a fast-moving field, and that methodologies and guidelines will likely evolve as we implement our plans. We commit to remaining flexible and transparent about our progress and learning.

There is a risk that the nature-based projects do not deliver sufficient volumes of carbon credits to meet our needs in a given year and that we may need to purchase of more credits at higher cost.

### Climate scenarios

We use climate scenarios to inform management about climate risks, reporting the results to Risk Management Control Boards (RMCB) in the business as well as to the Sustainability Council.

We have developed modelling tools with the support of third parties that enable us to model the impacts of physical and transition risks where our sites and supply chains are located. For example we have modelled the probability of an interruption from an extreme weather event at our key sites and supplier sites and the subsequent financial impact of that interruption assuming the inventory levels carried under existing business continuity plans. We have modelled the impact of future carbon taxes, such as direct taxes on energy-related emissions, emissions trading schemes and taxes from carbon border adjustment mechanisms assuming we deliver our carbon reduction glidepath to 2030 and beyond.

In 2022, we reviewed and updated our climate scenarios first developed in 2019. We intend to review the scenarios again in 2025 to make sure they'll remain up to date..

(1) IEA Net Zero emissions scenario, https://www.iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze last accessed 17 November 2022

(2) IEA World Energy Outlook 2021, Chapter 2, p94, download report from https://www.iea.org/reports/world-energy-outlook-2021/overview, last accessed 17 November 2022

(3) IEA Announced Pledges, https://www.iea.org/reports/global-energy-and-climate-model/announced-pledges-scenario-aps last accessed 17 November 2022

### Net zero scenario (SSP 1 – RCP 1.9)

This scenario sets out a narrow but achievable pathway for the global energy sector to achieve net zero $CO_2$ emissions by 2050[1]. It does not rely on emissions reduction from outside the energy sector to achieve its goal. The scenario is consistent with limiting the global temperature rise to 1.5°C without a temperature overshoot. Net zero means huge declines in the use of coal, oil and gas and a shift to renewable energy sources.

### Low-carbon scenario (SSP 1 – RCP 2.6)

In this scenario, all current net zero pledges are achieved in full and there are extensive efforts to realise near-term emissions reductions; advanced economies reach net zero emissions by 2050, China around 2060, and all other countries by 2070 at the latest[2]. The scenario is consistent with limiting the global temperature rise to below 2°C. With some level of net negative emissions after 2070, the temperature rise could be reduced to 1.5°C in 2100.

### Current trajectory scenario (SSP2 – RCP4.5)

This scenario sets out to show to what extent announced ambitions and targets are on the path to deliver the emissions reductions required to achieve net zero emissions by 2050[3]. The temperature rise will exceed 2°C by 2100, with a more noticeable shift to happen in the latter half of the century. A net zero pledge for emissions within the scenario does not necessarily mean that $CO_2$ emissions from the energy sector need to reach net zero, but there is an allocation for carbon offsetting within the pledges.

### Breach of planetary boundaries scenarios (SSP 5 – RCP 8.5)

This scenario is not aligned to any of the pledges laid out in the Paris Agreement and is one where countries are unable to meet the United Nations Sustainable Development Goals. This scenario will have the most severe physical consequences for the planet. The temperature rise will exceed 4°C by 2100, leading to high loss of biodiversity and species extinction.

## Risk management

#### Our processes for identifying and assessing climate-related risks

The nature of the risks and opportunities from climate change depends not only on the physical aspects of climate change, but also regulatory and commercial changes in the markets in which we operate, including pressures to reduce the climate impact of our metered dose inhaler medicines.

Our risk management policies are designed to address all types of risks, including the Group principal risks and uncertainties. Climate risk management follows the same policy and framework. Risks from climate change at Group level fall under the governance of the CRC with the support of the Sustainability Council. Individual risks from climate change are raised with appropriate business unit or functional Risk Management Control Boards to make sure we integrate these risks into business risk management processes.

## Climate-related financial disclosures continued

A specific and dedicated environmental sustainability risk management plan was put in place in 2020. The risk management plan covers expectations that we are addressing our impact on the environment, and that the environment has increasing impacts on operational resilience, such as access to energy, water and the natural resources used in products, along with any anticipated cost increases from regulatory changes or environmental taxes. We review developments in policy and regulations at global and national level, receiving quarterly monitoring reports.

We have procedures to identify risks from climate change when factors evolve, for example to assess the climate impact of merger and acquisition activity, or the construction of new buildings. We use a shadow carbon price of $100 per tonne $CO_2e$ to inform decision-making on investments in major capital expenditure to understand the implications on potential carbon offset costs for the carbon emissions from our value chain in 2030. This value is based on the recommendation by the Carbon Pricing Leadership Coalition that concluded in 2017 that the explicit carbon price level required to drive change to restrict temperature increases to below 1.5°C is at least US$50–100/$tCO_2$ by 2030[1]. We monitor the value used for internal carbon pricing against estimates for the future costs of carbon credits.

**Our processes for managing climate-related risk**

For the purposes of this disclosure, we differentiate between 'physical' and 'transition' climate-related risks.

Physical risks are typically identified at the asset or project level and are managed depending on the level of risk assessed. We use climate scenario analysis to model the potential impacts of our prioritised physical risks which helps us understand the resilience of our supply chains against climate change.

Transition risks are typically risks associated with changes to regulations or societal expectations during the transition to a lower-carbon economy. They are identified at enterprise level and at market level. We manage transition risks through our investment decisions, our sustainability transformation programme and our procedures. For example, we manage risks which may arise from product claims based on environmental performance by using external accreditation processes and organisations to review the evidence used to support these claims.

Our Communications and Government Affairs team manages corporate reputation by identifying and monitoring of climate-related issues and undertaking both proactive and reactive engagement with relevant stakeholder groups to communicate our position.

Details of how we manage our prioritised risks are in the Risk Table.

**How our processes for identifying, assessing and managing climate related risks are integrated into overall risk management**

On an annual basis, a cross-functional team from Sustainability, Finance, Supply Chain and Procurement functions reviews climate risks. Climate-related risks are considered from a strategic and operational perspective to make sure we maintain a comprehensive view of the different types of climate risks we face and the different time horizons in which they may affect us. The team review previously identified climate risks, plus new or emerging risks and opportunities, and make recommendations in a paper to the Sustainability Council. Risk assessment papers are prepared for the prioritised risks, considering the likelihood and financial impact on us of each risk under different climate scenarios.

Each risk and opportunity is analysed to understand how we are managing them, the metrics and targets being used and the potential impact on our total profit using a low (<£100 million), medium (£100 million – £250 million) or high (£250 million) threshold.

The impact assessments are approved by the VP Sustainability and a Finance VP from our Global Supply Chain business unit. The results are shared with Business Unit Risk Management and Compliance Boards (RMCB) and the Finance RMCB to make sure risks are both contextualised with other business risks and managed appropriately. This allows management to take a holistic view and optimise risk mitigation responses, to ensure that responses to climate-related risks are properly integrated into the relevant business unit and function activities.

**The resilience of our strategy, considering different climate-related scenarios, including a 2°C or lower scenario**

We used the climate scenarios described above to stress test the resilience of the organisation by considering the impacts of potential physical and transition risks and opportunities on the locations where we operate as described in the table below. The modelling did not identify any material impact to our business resilience.

(1) Report of the High-Level Commission on Carbon Prices, Carbon Pricing Leadership Coalition, 2017, p10, https://www.carbonpricingleadership.org/report-of-the-highlevel-commission-on-carbon-prices/

## Climate-related financial disclosures continued

| Physical risk/ description | GSK response | Scenario | Potential financial impact/ timeframe | Metrics | Targets |
|---|---|---|---|---|---|
| **The risk from increasing levels of water stress leading to interruptions to supply of water to our sites and third-party supply sites.**<br>We and our third-party suppliers use freshwater as the main source of water to manufacture medicines and vaccines. If water availability was restricted at a factory, operations would be interrupted. | We have identified three water basins in water-stressed areas in Algeria, India and Pakistan where we have manufacturing sites, and where we aim to be water neutral.<br>At our manufacturing facility in Nashik, India we have built plants for rainwater harvesting.<br>The climate scenario analysis has identified a number of sites and supplier sites located in water basins that could become water stressed by 2050, which have been added to a watch list. We will monitor changes to the risk levels and update our site water risk assessments appropriately.<br>The financial impact assumes we manage inventory in our supply chain to the same levels as in 2023, and water stress could lead to a three-month supply interruption as a worst case. | Current trajectory | Medium (£100M-£250M)/ long term (> 10 years) | Sites that have achieved water stewardship<br>Total supplied water | Achieve good water stewardship at 100% of our sites by 2025<br>Reduce overall water use in our operations by 20% by 2030<br>Be water neutral in our own operations and at key suppliers in water-stressed regions by 2030 |
| | | Breach of planetary boundaries | Medium (£100M-£250M)/ long term (> 10 years) | | |
| **Increasing frequency of extreme weather events causing disruption to our and third-party supplier sites.**<br>Extreme weather events from any one of precipitation (rainfall), flood from precipitation, riverine flood, extreme wind, wildfire, and extreme heat can result in short-term interruptions to manufacturing at our or supplier sites. | The climate scenario modelling indicated that, of the seven physical perils, flood from rainfall presents the highest likelihood of an acute interruption. However, the risk of flooding from rainfall and from the other extreme weather events is expected to remain very low.<br>We have performed risk assessments for our manufacturing and other operations and have business continuity plans which we review annually to respond to the impacts of extreme weather events, including adopting appropriate mitigation plans.<br>We have a well-established loss prevention and risk engineering programme to identify a range of risks that could impact our sites and, where flood risks exist, we have taken action to mitigate them.<br>The financial impact assumes we manage inventory in our supply chain to the same levels as in 2023, and an extreme weather event could lead to a three-month supply interruption as a worst case. | Current trajectory scenario | Medium (£100M-£250M)/ long term (> 10 years) | Business continuity plans are reviewed annually | Where climate-related risks to business continuity are identified, we have taken action to mitigate the risk |
| | | Breach of planetary boundaries scenario | Medium (£100M-£250M)/ long term (> 10 years) | | |

| Transitional risk/ description | GSK response | Scenario | Potential financial impact/ timeframe | Metrics | Targets |
|---|---|---|---|---|---|
| **Regulations governing the use of high GWP substances are being updated in the EU and UK and were updated recently in the US.**<br>This could lead to increasing costs and restrict the ability to manufacture our metered dose inhaler (MDI) products that use a high GWP propellant (HFA134a). | We are investing in a R&D programme and a large manufacturing site upgrade project to redevelop our *Ventolin* (salbutamol) inhaler by transitioning to a lower-carbon propellant that could potentially reduce its carbon emissions by up to 90%, if the clinical trials are successful.<br>We already have a portfolio of Dry Powder Inhaler products that do not use propellants that are not affected by this risk.<br>The financial impact assumes the reformulated product is approved by regulators and launched according to plan. | Current trajectory scenario | High (> £250M)/ medium term (3-10 years) | On/off track against delivery of key milestones on the R&D programme plan | 80% and 90% absolute reduction in greenhouse gas emissions from a 2020 baseline across all scopes by 2030 and 2045, respectively |

## Climate-related financial disclosures continued

| Transitional risk/ description | GSK response | Selected Scenario | Potential financial impact/ timeframe | Metrics | Targets |
|---|---|---|---|---|---|
| Future regulatory policy responses to address climate change could lead to the imposition of carbon taxes by countries where we manufacture and source goods from third parties. | We are managing this risk by reducing our value chain carbon emissions in line with our transition plan described above.<br>The financial impact assumes we deliver an 80% reduction in carbon emissions by 2030 and assumes carbon tax values are as per IEA scenarios, supplemented by data from policy pledges for a small number of countries. | Net zero | Medium (£100M-£250M) /medium (3-10 years) and long term (> 10 years) | Scope 1 & 2 carbon emissions<br>Scope 3 carbon emissions | 80% and 90% absolute reduction in greenhouse gas emissions from a 2020 baseline across all scopes by 2030 and 2045, respectively |
| | | Low-carbon | Medium (£100M-£250M) /medium term (3-10 year) falling to low (< £100M)/long term (> 10 years) | | |
| | | Current trajectory | Low (< £100M)/ in the medium term (3-10 years) and long term (> 10 years) | | |
| Nature-based projects fail to deliver the anticipated volumes of carbon credits from lower-than-expected growth or the result of a natural catastrophe.<br>This could lead to buying more carbon credits at higher cost to make up the shortfall. | We established a governance framework to manage each project with our external partners.<br>Any issues are escalated to the carbon offset programme steering committee.<br>We assume a future cost of £70 per tonne $CO_2e$ by 2030.<br>For the lower-than-anticipated growth scenario we assume a 25% under-delivery in a single year as the issues will have been identified early enough to take other preventative actions.<br>For a natural catastrophe scenario, we assume 25% of the projects will be affected and the impact will last five years. | Lower-than-anticipated growth scenario | Low (<£100M) / medium term (3-10 years) | In development | 80% and 90% absolute reduction in greenhouse gas emissions from a 2020 baseline across all scopes by 2030 and 2045, respectively |
| | | Natural catastrophe scenario | Medium (£100M -£250M)/ medium term (3-10 years) | | |

| Opportunities | GSK response | Scenario | Potential profit impact/ timeframe | Metrics | Targets |
|---|---|---|---|---|---|
| At COP28 in November 2023, more than 70 countries committed to provide low-carbon healthcare systems.<br>This could lead to increasing demand for low-carbon medicines and vaccines. | We are reducing our own Scope 1 & 2 carbon emissions, which in turn reduces the Scope 3 footprint of our customers and suppliers.<br>We have an Eco-design programme to reduce the impacts of all our products and packaging.<br>We are investing in an R&D programme to reduce greenhouse gas emissions from metered dose inhalers used to treat asthma and COPD and have made good progress towards reformulating an alternative gas that could potentially reduce the climate impact by up to 90% if the clinical trials are successful.<br>We have a portfolio of dry powder inhaler products that have low carbon footprints.<br>We are part of a consortium of eight global pharmaceutical companies to co-develop a shared way of measuring and reporting environmental product footprints.<br>Financial impact is based on research performed for us in 2022 on the details of published commitments to transition to low-carbon healthcare in major markets. | Net zero | Low (< £100M)/ Long term (> 10 years) | Scope 1 & 2 and 3 carbon emissions<br>Total waste and materials | 80% and 90% absolute reduction in greenhouse gas emissions from a 2020 baseline across all scopes by 2030 and 2045, respectively. Zero operational waste |
| | | Low carbon | | | |
| | | Current trajectory | | | |

## Climate-related financial disclosures continued

### Metrics and targets

**The metrics we use to assess climate-related risks and opportunities in line with our strategy and risk management process.**

| | |
|---|---|
| a. Disclose the metrics used by the organisation to assess climate risks and opportunities in line with its strategy and risk management process | We have considered the key metrics following the TCFD guidance of Tables A1.1 and A1.2 as well as the metrics consistent with cross-industry, climate-related metrics. Based on that, our strategic metrics are:<br>– Scope 1 & 2 emissions (market-based and location-based approach), described in the table below<br>– Scope 3 emissions, described in the table below<br>– % renewably sourced electricity, described in the table below<br>– Total supplied water, described in the table below<br>– Total waste and materials, described in the table below<br>– ESG composite metric, as part of our senior leaders' remuneration policy – see page 149<br>– Sites that have achieved water stewardship, described in the table below<br>Our ESG Performance Report includes more metrics used to support the strategic metrics listed above. |
| b. Disclose Scope 1, 2 and if applicable Scope 3 GHG emissions and related risks | In energy and carbon emissions, see table below:<br>– Scope 1 emissions from energy<br>– Scope 1 emissions from other sources<br>– Scope 2 emissions (market-based)<br>– Scope 2 emissions (location-based)<br>– Scope 3 emissions metrics<br>– Scope 1 & 2 emissions intensity metrics<br>Prioritised physical and transition risks are included in the Risk Table above. |
| c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | Our targets (measured against a 2020 baseline where applicable) are:<br>– 80% absolute reduction in greenhouse gas emissions from a 2020 baseline, across all scopes, and investment in nature-based solutions for the remaining 20% of our footprint by 2030<br>– Net zero greenhouse gas emissions across our full value chain by 2045: 90% absolute reduction in emissions from a 2020 baseline, across all scopes, and all residual emissions neutralised<br>– 100% renewable electricity by 2025 (Scope 2)<br>– Achieve good water stewardship at 100% of our sites by 2025<br>– Reduce overall water use in our operations by 20% in 2030<br>– Zero operational waste[1], including eliminating single use plastics[2] by 2030<br>– Be water neutral in our own operations and at key suppliers in water-stressed regions by 2030<br>The performance against our targets is on page 50.[3] |

(1) Including a 20% reduction in routine hazardous and non-hazardous waste

(2) Where regulatory obligations allow, and excluding plastics which are critical to product discovery and development and health & safety

(3) See Basis of Reporting 2023 in the ESG resources section of GSK.com (https://www.gsk.com/en-gb/responsibility/esg-resources/) for detailed methodologies for measuring and reporting all GSK environmental KPIs

We commit to a net zero, nature positive, healthier planet, with ambitious goals set for 2030 and 2045 across our entire value chain. We report progress in reducing Scope 1 & 2 carbon emissions, Scope 3 carbon emissions, energy use, water, waste annually towards these targets on page 50, in our ESG Performance Report and in our public responses to the CDP Climate, Water and Forest questionnaires.

## Climate-related financial disclosures continued

# Metrics data

### Carbon emissions[1,2]

| Carbon emissions '000 tonnes $CO_2e$ | 2023 | 2022 | 2021 |
|---|---|---|---|
| Scope 1 emissions (from energy) | **301** | 320 | 333 |
| Scope 1 emissions (other[3]) | **279** | 306 | 300 |
| Scope 2 emissions (market-based) | **64** | 88 | 131 |
| Scope 2 emissions (location-based) | **240** | 265 | 285 |
| Scope 3 emissions[4] | **–** | 8,995 | 8,624 |
| UK Scope 1 & 2 emissions | **102** | 111 | 126 |

| Other metrics | 2023 | 2022 | 2021 |
|---|---|---|---|
| Scope 1 and 2 emissions from energy/sales revenue (tonnes $CO_2e$/£m) | **12.0** | 13.9 | 18.8 |
| Scope 1 and 2 emissions from energy/FTE (tonnes $CO_2e$/FTE) | **5.2** | 5.9 | 6.5 |
| Total energy used (GWh) | **2,636** | 2,759 | 2,871 |
| UK energy used (GWh) | **711** | 735 | 807 |
| % renewably sourced electricity | **83%** | 73% | 63% |
| Total supplied water million $m^3$ | **7.4** | 7.5 | 7.9 |
| Total supplied water in areas of high water stress million $m^3$ | **0.3** | 0.3 | 0.3 |
| Total waste and materials '000 metric tonne[5] | **49.7** | 50.2 | 55. |
| % sites that have achieved water stewardship | **100%** | 100% | 100% |

(1) All data reported excludes our previous Consumer Healthcare business unless otherwise specified

(2) Carbon emissions are calculated according to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). We use market-based Scope 2 emissions for reporting purposes and report Scope 3 emissions across all 15 categories in our ESG Performance Report. We ask external assurance providers, Deloitte, to provide limited assurance to ISAE 3000 for energy, Scope 1, 2 and selected Scope 3 carbon emission data, water and wastewater data. Methodologies for reporting and measurements are provided in the Basis of Reporting 2023 in the ESG resources section of gsk.com (https://www.gsk.com/en-gb/responsibility/esg-resources/)

(3) 'Other' refers to emissions from sales force vehicles, propellant emissions released during manufacture of inhalers (the majority of propellant emissions, released during patient use, are included in Scope 3 carbon emissions), on-site waste, or wastewater treatment and refrigerant gas losses

(4) We collect and publish Scope 3 data across 15 categories. The most recent Scope 3 data available is for 2022 as the process of compiling the 2023 data is not yet complete, except for 2023 Scope 3 emissions from patient use of inhalers, which are disclosed in the ESG Performance Report. We will publish this data once it becomes available and it will be included in the 2024 ESG Performance Report

(5) Data for 2021 and 2022 have been restated. See our ESG Performance Report

# Nature-related financial disclosures

At GSK we are committed to playing our part to minimise our impact and dependencies on nature, as well as helping to protect and restore nature.

Human health relies on the fundamentals of nature: clean air and fresh water. Nature loss has a range of negative impacts on health, for example, reduced air quality increases the incidence and severity of respiratory diseases and habitat degradation and deforestation are increasing the risk of new human pathogens and pandemics. To protect human health and get ahead of disease, we need to protect nature.

GSK is an active member of the working groups of the Taskforce on Nature-related Financial Disclosures (TNFD). We have committed to make a full disclosure against the TNFD framework in early 2026 based on 2025 data. However, we are making an initial disclosure that is not fully compliant to the framework to show the progress of our nature programme.

## Governance

**The board's oversight of nature-related dependencies, impacts, risks and opportunities**

As described on page 62.

**Management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities**

In addition to the disclosure on page 63, the Sustainability Council reviewed GSK's Nature Strategy, ensuring alignment with ways of working required for Science Based Targets for Nature (SBTN) and that longer term budgetary requirements had been considered.

**Our human rights policies, engagement activities and oversight with respect to indigenous peoples, local communities, affected and other stakeholders**

Our position on human rights is published on GSK.com. We have a responsibility to respect human rights through our engagements with patients, our employees, our suppliers and the communities in which we live and operate.

## Nature-related financial disclosures continued

We are at the beginning of our nature journey, and we are working to further formalise policies and procedures related to stakeholders' engagement and human rights specifically in relation to our assessment of impacts and our action on nature.

- Protecting and restoring nature is a key part of our climate and nature strategy. As nature investments are always context dependant, it is key for us to work with expert partners and NGOs to ensure project implementation includes local experts and local communities
- Before we make decisions on protection and restoration projects, we run a human rights assessment as part of our broader due diligence. The assessment allows us to understand the local context and history, the process that partners use or plan to use to engage and involve local communities (including Free, Prior and Informed Consent (FPIC) and grievance mechanisms) and the how benefits will be shared
- The connection between nature projects and health benefits has not been consistently included in nature projects and we have worked with third-party experts to develop and publish a toolkit to enable project developers and investors to do that

## Strategy

**The nature-related dependencies, impacts, risks and opportunities we have identified over the short, medium and long term**

### Impacts and dependencies

**Water**

Water is essential for the production of our vaccines and medicines. We have mapped our water footprint and calculated the volume of water we use in our value chain and in our own operations and have improved our understanding as to where in the world we have the biggest impact on water.

Our primary operational impact on water availability is through our own manufacturing sites that are located in areas of water stress. Using water risk data from the World Resources Institute and the World Wildlife Fund, we have identified five sites located in water-stressed areas across Algeria, India and Pakistan, which face increasing water availability and quality risks.

Releases of Active Pharmaceutical Ingredients are a priority focus for us regarding water quality.[1] Pharmaceutical residues may sometimes pass into the environment as part of the normal biological process following patient use. To a lesser extent, pharmaceuticals can also enter the environment from unused medical products or factory discharges.

There are concerns that long-term exposure to pharmaceuticals in the environment can pose a risk to environmental species, including aquatic life. The presence of antibiotics in the environment, and its potential impact on driving antibiotic resistance as well as reducing microbial biodiversity, is a growing concern for many stakeholders and an active area of research.

While clinical and agricultural practices are generally recognised as the dominant sources of antibiotics entering the environment, unregulated manufacturing practices may also contribute to anti-microbial resistance[2].

**Land**

Our primary dependency on land is due to the natural materials we source, some of which derive from agricultural commodities, a key driver of deforestation and land use change, globally. The supply chains for some of these commodities are often long and complex and may be many tiers removed from our direct engagement. Our operational land holdings are relatively small, although two of our R&D sites, one in Belgium and one in Spain, are located in Key Biodiversity Areas.

**Oceans**

Our impacts and dependencies on oceans come primarily from marine-derived materials that are a critical part of manufacturing vaccines and medicines. This includes, for example, horseshoe crab blood which is an important substance that is required by some regulators to be used in pharmaceutical and biomedical quality control processes to ensure the quality and safety of medicines, vaccines and devices.

**Atmosphere**

As a leader in medicines and vaccines for respiratory health, we want to play our part in improving air quality. We have done an initial assessment to establish an air pollution footprint in our operations and our supply chain. This showed that, directly, we are having a relatively low impact on air quality, and that the largest proportion of our emissions sits in our supply chain.

**Waste and Materials**

Our approach to product stewardship means that we consider and aim to address impacts on nature and climate at every stage of the product lifecycle, from discovery, design, sourcing and manufacturing through to product use and disposal. We have set a target to help accelerate the adoption of this approach.

**The effect nature-related dependencies, impacts, risks and opportunities have on our business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.**

We are committed to have a net positive impact on nature by 2030 by reducing our environmental impacts across water, waste and materials, biodiversity and by investing in nature protection and restoration. We set targets in 2020 with a focus on the realms of nature, as well as supportive targets on waste and materials. We report progress against our nature plan and targets annually.

(1) For more information see our public policy: https://www.gsk.com/media/8867/gsk-position-on-pharmaceuticals-in-the-environment-march-2022.pdf

(2) Read more about our position on antimicrobial resistance in our public policy

## Nature-related financial disclosures continued

In 2023 we were selected to be one of the first group of companies to work with the Science Based Targets Network (SBTN) in the pilot to develop and set validated science-based targets for nature, starting with targets for freshwater and land, followed by targets for oceans and biodiversity. These targets will focus on locations across our value chain where nature is particularly under pressure. We aim to have pilot science-based targets for nature in 2024.

**The resilience of our strategy to nature-related risks and opportunities, taking into consideration different scenarios**

We manage organisational resilience to nature related risks through the implementation of our sustainability programme. Our delivery plan will evolve as external guidance continues to evolve,

**The locations of our direct operations that meet the criteria for priority locations**

**Freshwater**

We have identified three initial water basins in water-stressed areas where we have manufacturing sites, including across India, Pakistan and Algeria, which we have prioritised for investment in water neutrality to achieve a measurable and positive impact in water-stressed basins on availability, quality and accessibility.

**Land**

Our operational land holdings are relatively small, although two of our R&D sites, one in Belgium and one in Spain, are located in Key Biodiversity Areas.

In 2021, we piloted our approach to biodiversity with a baseline assessment and action plans at three sites to improving habitats, protecting species and improving soil and water quality. We have now commenced biodiversity uplift projects at our three largest R&D facilities – Stevenage in the UK and Upper Providence and Upper Merion in Pennsylvania in the US.

We are addressing 12 critical agricultural, forestry and marine-derived materials. We have engaged with associated suppliers and external independent experts to map the full supply chains involved, understand existing sustainability standards, identify gaps and establish improvement plans.

**Oceans**

We committed to restore mangroves in Indonesia, through community-led projects. Mangroves play a crucial role in climate regulation and climate change mitigation because of their carbon sequestration potential. Mangroves make the local population more resilient to flooding, improve the local fish ecosystem, water quality and contribute to the health and livelihood of local communities.

### Risk & impact management

**Our processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in our direct operations and value chain**

Since 2020 we have deepened our understanding of our full value chain nature impacts and dependencies and continued to align with evolving practices and guidance. We are following the TNFD LEAP (Locate, Evaluate, Assess and Prepare) methodology to better understand our nature-related risks and opportunities and are involved in the pilot working with the Science Based Targets Network (SBTN) to set validated science-based targets for nature, starting with targets for freshwater and land, followed by targets for oceans and biodiversity.

**Our processes for managing nature-related dependencies, impacts, risks and opportunities**

We set targets in 2020 with a focus on the realms of nature, as well as supportive targets on waste and materials. We report progress against our nature plan and targets annually.

**Water**

Across all of our sites, we maintain high quality water infrastructure to ensure there is no leakage, and we reduce our overall water use through water-efficiency projects, including behaviour change programmes and introducing water-efficient cleaning procedures.

Today, all GSK sites complete a GSK water stewardship assessment, aligned to the Alliance for Water Stewardship (AWS) standard, and implement action plans to comply with our standard. For our sites located in water-stressed areas, we aim to secure certification under the AWS standard.

**Land**

While we work on avoiding or reducing impact by assessing opportunities to improve efficiency, material changes or switching to alternatives, we have set ambitious standards for suppliers who provide us with materials that are highly dependent on nature, such as sugar, paper, palm oil, lactose, gelatine and soy.

These standards, developed in collaboration with third-party experts, aim to support these suppliers to assess, improve, and verify their approach to addressing a range of nature impacts – and associated climate and social impacts – including land use, water stewardship and biodiversity.

As a first stage, we are addressing the 12 most critical materials, including paper and palm oil. We have roadmaps in place with an aim to achieve 100% sustainable sourced paper and palm oil by 2025. We have engaged with associated suppliers to map the full supply chains involved, understand existing sustainability standards, identify gaps and establish action plans.

We are committed to having positive impact on biodiversity at all our operational sites. We used the Integrated Biodiversity Assessment Tool (IBAT) and have worked with ecological experts to complete mapping and baseline biodiversity assessments for 80% of our sites. We are now implementing biodiversity action plans across our estate with an aim to improve habitats, protect species and improve soil and water quality.

## Nature-related financial disclosures continued

**Oceans**

To reduce our impact on oceans, we are implementing our Marine Sustainable Sourcing Standard which outlines the specific requirements that our suppliers of marine-derived materials must adhere to.

As part of our approach to product stewardship, we are working to reduce the volume of marine-derived materials, for example, through process efficiencies. In the longer term, we are seeking to transition to alternatives to marine-derived materials, wherever possible from both a technical and regulatory perspective.

**Atmosphere**

The outcome of an initial air quality assessment highlighted opportunities for reductions in emissions linked to on-site electricity generation and use of solid fuels, car use and move to electric fleet, as well as indicating opportunities in our value chain for the sourcing of plastic and glass products.

We are creating reduction plans around these key areas that are aligned to our pathway to net zero and which aim to have a positive impact on air quality.

We are conducting an additional air quality assessment, working with Stockholm Environment Institute (SEI) and the University of York, broadening the suite of air pollutants to be taken into consideration to understand their impact across our value chain and their connection to human health.

To help accelerate collective action on air pollution, we are members of the Alliance for Clean Air through the Clean Air Fund (CAF) and the World Economic Forum, which aims to drive corporate action on clean air to accelerate climate action and create healthy communities around the world.

The collective measurement of direct and value chain emissions across the Clean Air Fund membership aims to build a picture of the activities that give rise to poor air quality globally and intends to enable policy makers and industries to make informed decisions, considering the broader global impacts on health from poor air quality.

**Waste and materials**

Embedding our approach to product stewardship to reduce our impact on nature means working to minimise the waste and materials used, and the waste and pollution generated, from delivering our medicines and vaccines across the full product lifecycle. We have already achieved zero operational waste to landfill and we continue to build on our long-standing operational waste management programme to identify opportunities to achieve more beneficial use from waste. However, there is a risk that circular routes of recovery for all our waste streams may still not exist by 2030.

For our supply chain, we're working on a waste footprint assessment to help with supplier engagement on waste reduction, and on product design so we can build in circularity and reduce waste by design.

**How our processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform our overall risk management processes**

We are a part of the first group of companies to be working with the Science Based Targets Network (SBTN) to set validated science-based targets for nature, starting with targets for freshwater and land, followed by targets for oceans and biodiversity. These targets will focus on locations across our value chain where nature is particularly under pressure. We aim to have science-based targets for nature in 2024.

We continue to work towards our existing targets while we work through the SBTN pilot. Our delivery plan will continue to evolve as we go through SBTN target validation, as external guidance continues to evolve, and our data is developed, primarily through greater supply chain traceability.

### Metrics and targets

We report performance against our existing targets using metrics for water use and waste and materials see table on page 70.

| Realm | Key performance indicator |
|---|---|
| Freshwater | Average of the percentage of GSK sites and suppliers compliant with wastewater active pharmaceutical ingredient limits and the percentage of suppliers that are compliant with the AMR Industry Alliance Common Antibiotic Manufacturing Framework and discharge limits |
| Land | The percentage of paper and palm oil that is deforestation free |
| Waste and materials | The reduction in routine operational hazardous and non-hazardous waste |

## Nature-related financial disclosures continued

GSK sets the following targets for managing our nature commitments:

| Focus area | Target |
|---|---|
| Freshwater | – 100% of our sites to achieve good water stewardship by 2025 and reduce overall water use by 20% by 2030<br>– Water neutral in operations and with key suppliers in water-stressed regions by 2030<br>– Zero impact active pharmaceutical ingredient levels[1] for all our sites and key suppliers by 2030[2] |
| Land | – Positive impact on biodiversity at all sites[3] by 2030<br>– 100% of agricultural and forestry derived materials sustainably sourced and deforestation free by 2030[2,4] |
| Oceans | – 100% of marine-derived materials sustainably sourced by 2030 |
| Atmosphere | – 100% renewable electricity by 2025 (Scope 2)[2]<br>– 80% reduction in carbon emissions across our full value chain by 2030[2]<br>– Net zero carbon emissions across our full value chain by 2045[2] |
| Waste and materials | – Zero operational waste[5] 10, including eliminating single use plastics[6] by 2030[2]<br>– 10% waste reduction from supply chain by 2030<br>– 25% environmental impact reduction for our products and packaging by 2030 |

(1) Below the predicted no-effect level
(2) Linked with the remuneration of our senior leaders
(3) GSK sites
(4) Target updated in December 2021 to reflect priority materials
(5) Including a 20% reduction in routine hazardous and non-hazardous waste
(6) Where regulatory obligations allow, and excluding plastics which are critical to product discovery and development and health & safety

# Non-financial and sustainability information statement

The following aligns to the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.


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**Our policies**

All of our public policies, codes and standards are available on gsk.com


## Employees by gender

| | Male | Female | Total |
|---|---|---|---|
| Board[1] | 7 | 5 | **12** |
| Management[1,2] | 8,682 | 8,788 | **17,470** |
| All employees[3] | 36,510 | 33,702 | **70,212** |

(1) Headcounts as of 31 December 2023

(2) Senior managers as defined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013

(3) 'Total' calculated as full-time equivalent employees (FTEs) as of 31 December 2023. 'Male' and 'female' calculated by applying 'all employees' gender diversity percentages to 'total' FTE number

# Viability statement

In accordance with provision 31 of the 2018 revision of the Code, GSK has assessed the prospects of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Directors confirm that they have a reasonable expectation that GSK will continue to operate and meet its liabilities, as they fall due, over the next three years. The Directors' assessment has been made with reference to GSK's current position and prospects, our strategy, the Board's risk appetite and GSK's principal risks and how these are managed, as detailed on pages 57 to 61 in the Strategic report.

The Board reviews our internal controls and risk management policies and approves our governance structure and code of conduct. It also appraises and approves major financing, investment and licensing decisions, and evaluates and monitors the performance and prospects of GSK as a whole. The focus is largely on improving our long-term financial performance through delivery of our company's business strategies and aligned priorities.

The Board reviews GSK's strategy and makes significant capital investment decisions over a long-term time horizon, based on a multi-year assessment of return on capital, the performance of the company, and the market opportunities in medicines and vaccines. This approach is aligned to GSK's model of achieving balanced growth by investing in high quality, innovative products for patients and healthcare providers. However, since many internal and external parameters become increasingly unpredictable over longer time horizons, GSK focuses its detailed, bottom-up Plan on a three-year cycle. The Plan is reviewed at least annually by the Directors, who approve business forecasts showing expected financial impact. The Directors believe that a three-year assessment period for the Viability statement is most appropriate as it aligns with the Group's well established business planning processes that balance the long-term nature of investments in medicines and vaccines with an assessment of the period over which analysis of near-term business performance is realistically visible.

The Plan has been stress tested in a series of robust operational and principal risk downside scenarios as part of the Board's review on risk. The Plan assumes the next several years to be challenging for the healthcare industry with continued pressure on pricing of pharmaceuticals and uncertain economic conditions prevailing across many markets in which GSK operates. GSK assumes no premature loss of exclusivity for key products over the period and for all anticipated launches to proceed as planned.

The downside scenarios consider GSK's cash flows, sustainability of dividends, funding strategy, insurance provision and recovery as well as other key financial ratios over the period. These metrics have been subject to sensitivity analysis, which involves flexing a number of the main assumptions underlying the forecasts both individually and in combination, along with mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risk.

The following hypothetical downside scenarios have been evaluated:

Scenario 1: Business performance risks. These include key performance risks, including lower sales from new products, greater adverse impact from generic competition and other competitive launches to other GSK products, as well as possible supply and manufacturing challenges.

Scenario 2: External and macroeconomic risks. This scenario reflects incremental risks to the business driven by outside factors, such as more intense competition, increased pricing pressure in both the US and Europe as well as the potential impact of material negative changes in the macro-economic and healthcare environment.

Scenario 3: Principal risks. This scenario includes a severe assessment of the potential loss impact from the principal risks related to patient safety, product quality, supply chain continuity, information and cyber security and environmental harm as well as anti-bribery and corruption and any consequent regulatory actions, fines or significant litigation, all of which could fundamentally threaten our operations. These risks are managed through mitigating activities described on pages 284 to 294.

Scenario 4: Put option exercise. This scenario evaluates the additional funding requirements assuming the earliest potential exercise of the outstanding put option held by Pfizer Inc.

The three-year review also makes certain assumptions about the normal level of capital recycling likely to occur and considers whether additional financing facilities will be required and the respective level of funding flexibility and headroom.

The results of this stress testing show that certain combinations of these hypothetical scenarios could increase funding demands on GSK and require mitigating changes to the Group's funding strategy. However, in light of the liquidity available to the Group and based on this analysis, the Directors have a reasonable expectation that, even under these most severe stress tests, the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.

# Group financial review

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# Group financial review

## Summary full year results

| | Full year 2023 £m | Growth AER % | Growth CER % | Full year 2022 £m | Full year 2021 £m |
|---|---|---|---|---|---|
| **Results summary** | | | | | |
| Turnover | 30,328 | 3 | 5 | 29,324 | 24,696 |
| Turnover excluding COVID-19 solutions | 30,134 | 12 | 14 | 26,951 | 23,291 |
| Total continuing operating profit | 6,745 | 5 | 10 | 6,433 | 4,357 |
| Total operating margin | 22.2% | 0.3ppts | 1.0ppts | 21.9% | 17.6% |
| Total continuing EPS | 121.6p | 10 | 16 | 110.8p | 82.9p |
| Adjusted operating profit | 8,786 | 8 | 12 | 8,151 | 6,493 |
| Adjusted operating margin | 29.0% | 1.2ppts | 1.8ppts | 27.8% | 26.3% |
| Adjusted EPS | 155.1p | 11 | 16 | 139.7p | 110.3p |
| **Cash flow** | | | | | |
| Cash generated from operations | 8,096 | 2 | | 7,944 | 7,249 |
| Free cash flow | 3,409 | 2 | | 3,348 | 3,301 |

(2023 Financial results unless otherwise stated, growth % and commentary at CER. Ex COVID is excluding COVID-19 solutions as defined on page 85).

GSK delivered an excellent performance in 2023 with sales of £30.3 billion and double digit adjusted operating profit and adjusted EPS per share growth at CER. As a consequence of this performance, we were also pleased to increase the dividend for the year. In 2024, we expect another year of meaningful growth for GSK, driven by a continued focus on execution, strengthening our pipeline and capital allocation.

### Delivering a step-change in financial performance in 2023

In 2023 our sales were £30,328 million, an increase of 5% overall reflecting continued strong business performance with strong growth in Vaccines (*Arexvy* and *Shingrix*) and HIV, excluding COVID-19 solutions sales grew 14%. Total operating profit increased 10% to £6,745 million, driven by overall performance and favourable contingent consideration liabilities (CCL) movements. Adjusted operating profit grew 12% to £8,786 million (with further positive impact of +4% excluding COVID-19 solutions). Adjusted operating margin increased to 29%, driven largely by favourable product mix and operational efficiencies, as well as increased royalties. The reconciliation of Total to Adjusted results is included on page 93.

Total and adjusted cost of sales as a percentage of sales decreased in the full year reflecting reduced sales of lower margin *Xevudy* compared to 2022. Total and adjusted SG&A growth was focused on investment in Vaccines, including disease awareness and the launch of *Arexvy*, together with *Shingrix*, long-acting HIV, *Jemperli* and *Ojjaara*. R&D costs increased due to investment in late-stage programmes in Vaccines, Respiratory/Immunology and Infectious diseases.

Total continuing EPS grew 16%, reflecting strong profit growth and lower charges related to the remeasurement of contingent consideration liabilities, partly offset by a fair value loss on the retained stake in Haleon plc compared to a fair value gain in the same period in the prior year. In addition, there is an unfavourable comparison due to upfront income received from the settlement with Gilead Sciences Inc. in 2022. Adjusted EPS grew 16% overall (with further positive impact of +6% excluding COVID-19 solutions), benefiting from a lower net finance expense, which decreased 15% following debt restructuring. The effective adjusted tax rate was 15.5% in line with 2022 and our guidance.

### Improved 2023 operating margins

Total operating profit margin was higher in 2023 due to profitable growth across the portfolio, favourable movements in contingent consideration liabilities, partly offset by an unfavourable comparison due to upfront income received from the settlement with Gilead Sciences Inc. in 2022. Adjusted operating profit margin improved primarily due to reduced sales of lower-margin *Xevudy*. Excluding COVID-19 solutions, Adjusted operating profit margin improved due to product mix, productivity improvements and increased royalty income. Growth in SG&A reflected investment in Vaccines, including disease awareness and the launch of *Arexvy*, together with *Shingrix*, long-acting HIV, *Jemperli* and *Ojjaara*. Royalty income also contributed to margin improvement.

# Group financial review continued

## 2023 cash flow performance

Our total full year Cash Generated From Operations increased to £8,096 million despite annualising the Gilead Sciences Inc. settlement in Quarter 1 2022 (£0.9 billion) due to higher Adjusted operating profit, favourable timing of *Xevudy* cash flows and lower UK pension contributions partly offset by higher receivables from *Arexvy* sales. Net capital investment increased primarily due to lower proceeds from asset disposals than in 2022 resulting in Free Cash Flow from continuing operations increasing to £3,409 million.

## Net Debt improvement

Our net debt position decreased to £15 billion by the end of 2023. We look to deploy funds to enhance growth and deliver attractive shareholder returns. We started the year with net debt of £17.2 billion and strong free cash generation, in addition to the monetisation of our stake in Haleon plc, supported £3.8 billion of investment in targeted business development and capital expenditure and £2.2 billion was returned to shareholders via the dividend.

## Capital deployment supports business growth and shareholder returns

(1) Free Cash Flow (FCF) is £3.4bn, including the capital expenditure (net of disposal proceeds for plant, property & equipment) and intangibles of £1.3bn and £1.0bn
(2) Other includes dividend and distribution income, exchange on net debt and other financing items

## Capital allocation framework to support investment and returns

Priority is to invest for growth, coupled with attractive shareholder returns

(1) GSK group dividend in 2022; GSK related only and excludes dividend related to Consumer Healthcare in H1-2022; FY 2022 dividend 61.25p/share

## Our capital allocation framework to support investment and returns

Our capital allocation framework means our first priority remains to invest in the business, with capital allocated towards development of the pipeline, both organic and targeted business development.

We also remain committed to delivering attractive returns to shareholders and pursuing a progressive dividend policy, guided by a 40 to 60 percent pay-out ratio through the investment cycle. In setting its dividend policy, GSK considers the priorities of the Group and its investment strategy for growth, alongside the sustainability of the dividend.

Consistent with this, and reflecting strong business performance during the year, GSK now expects to declare an increased dividend of 58.00p per share for full year 2023. The expected dividend for 2024 is 60.00p.

In the event of surplus cash, the excess would be returned to shareholders. We remain committed to maintaining a balance sheet with a strong investment grade credit rating.

# Group financial review continued

## 2024 guidance at CER (excluding COVID-19 solutions)

For 2024, we expect another year of meaningful growth for GSK, our guidance is provided at CER and excludes the impact of COVID-19 solutions. Sales are expected to increase between 5 and 7 per cent, Adjusted operating profit is expected to increase between 7 and 10 per cent with Adjusted earnings per share expected to increase between 6 and 9 per cent.

This guidance is supported by the following turnover expectations for full year 2024:

- For Vaccines, we expect high single digit to low double-digit percent growth
- For Specialty Medicines, we expect a low double-digit per cent growth
- For General Medicines, we expect sales will decrease by a mid-single-digit per cent

Adjusted Operating profit is expected to grow between 7 to 10 per cent at CER, despite a 6 percentage point impact to Operating Profit growth following the loss of Gardasil royalties effective from the beginning of 2024. GSK expects to deliver leverage at a gross margin level due to improved product mix from Vaccines and Specialty Medicines growth and continued operational efficiencies. In addition, GSK anticipates further leverage in Operating Profit due to a step down in SG&A growth to a low single-digit increase. R&D is expected to increase broadly in line with sales to support growth of the pipeline.

Adjusted Earnings per share is now expected to increase between 6 to 9 per cent at CER, reflecting higher operating profit and more favourable net finance costs. Expectations for non-controlling interests remain unchanged relative to 2023, and GSK anticipates, as previously communicated, an increase in the adjusted effective tax rate to around 17% following implementation of a global minimum corporate income tax rate aligned with the Organisation for Economic Co-Operation and Development 'Pillar 2' initiative.

## COVID-19 solutions

We do not anticipate any future revenue from COVID-19 solutions and this will reduce sales growth by 1% and Adjusted operating profit growth by 2% in 2024.

## Currency impact

If exchange rates were to hold at the closing rates on 24 January 2024 ($1.27/£1, €1.17/£1 and Yen 188/£1) for the rest of 2024, the estimated impact on 2024 Sterling turnover growth for GSK would be -3% and if exchange gains or losses were recognised at the same level as in 2023, the estimated impact on 2024 Sterling Adjusted Operating Profit growth for GSK would be -5%.

## 2021-26 and 2031 Outlooks at CER

In January 2024, GSK announced upgraded outlooks, from those previously given, for the period 2021-2026 and for 2031. For the period 2021-2026, GSK now expects sales to grow more than 7% on a CAGR basis and adjusted operating profit to increase more than 11%, on the same basis. This compares to previous outlooks of more than 5% and more than 10% respectively. Adjusted operating profit margin in 2026 is now expected to be more than 31%.

By 2031, GSK now expects to achieve sales of more than £38 billion on a risk-adjusted basis and at CER. GSK expects to maintain a continued strong focus on margin improvements, while retaining flexibility to invest in future growth. Recognising that GSK will likely face loss of exclusivity for dolutegravir during 2028 to 2030 in the US and EU, with the majority of impact 2029 to 2030, GSK stated that it expects operating margins to be broadly stable through this period. GSK expects an effective transition within its HIV portfolio towards new long-acting treatment and prevention therapies, margin mix benefit from growth in higher operating margin Vaccine and Specialty Medicine products, and a continued focus on achievable productivity gains, notably in supply chain and in SG&A.

All expectations, guidance and outlooks regarding future performance and dividend payments should be read together with 'Guidance and outlooks, assumptions and cautionary statements' on inside back cover.

## Group financial review continued

# Financial performance summary

The Total results of the Group are set out below.

| | 2023 | | 2022 | | Growth | |
|---|---|---|---|---|---|---|
| | £m | % of turnover | £m | % of turnover | £% | CER% |
| Turnover | **30,328** | **100** | 29,324 | 100 | 3 | 5 |
| Cost of sales | **(8,565)** | **(28.2)** | (9,554) | (32.6) | (10) | (10) |
| Gross profit | **21,763** | **71.8** | 19,770 | 67.4 | 10 | 13 |
| Selling, general and administration | **(9,385)** | **(30.9)** | (8,372) | (28.6) | 12 | 14 |
| Research and development | **(6,223)** | **(20.5)** | (5,488) | (18.7) | 13 | 14 |
| Royalty income | **953** | **3.1** | 758 | 2.6 | 26 | 26 |
| Other operating income/(expense) | **(363)** | **(1.3)** | (235) | (0.8) | | |
| Operating profit | **6,745** | **22.2** | 6,433 | 21.9 | 5 | 10 |
| Net finance costs | **(677)** | | (803) | | | |
| Share of after tax profits/(losses) of associates and joint ventures | **(5)** | | (2) | | | |
| Profit/(loss) on disposal of interest in associates and joint ventures | **1** | | – | | | |
| Profit before taxation | **6,064** | | 5,628 | | 8 | 14 |
| Taxation | **(756)** | | (707) | | | |
| Profit after taxation from continuing operations | **5,308** | | 4,921 | | 8 | 14 |
| Profit after taxation from discontinued operations and other gains/(losses) from the demerger | **–** | | 3,049 | | | |
| Remeasurement of discontinued operations distributed to shareholders on demerger | **–** | | 7,651 | | | |
| Profit after taxation from discontinued operations | **–** | | 10,700 | | (100) | (100) |
| Total profit after taxation for the year | **5,308** | | 15,621 | | | |
| Profit attributable to non-controlling interests from continuing operations | **380** | | 460 | | | |
| Profit attributable to shareholders from continuing operations | **4,928** | | 4,461 | | | |
| Profit attributable to non-controlling interests from discontinued operations | **–** | | 205 | | | |
| Profit attributable to shareholders from discontinued operations | **–** | | 10,495 | | | |
| | **5,308** | | 15,621 | | (66) | (64) |
| Total profit attributable to non-controlling interests | **380** | | 665 | | | |
| Total profit attributable to shareholders | **4,928** | | 14,956 | | | |
| | **5,308** | | 15,621 | | (66) | (64) |
| Earnings per share from continuing operations (pence) | **121.6p** | | 110.8p | | 10 | 16 |
| Earnings per share from discontinued operations (pence) | **–** | | 260.6p | | (100) | (100) |
| Total earnings per share (pence) | **121.6p** | | 371.4p | | (67) | (65) |
| Earnings per ADS from continuing operations (US$) | **3.02** | | 2.75 | | | |
| Earnings per ADS from discontinued operations (US$) | **–** | | 6.46 | | | |
| Total earnings per ADS (US$) | **3.02** | | 9.21 | | | |

The Adjusted results for the Group are set out below. Reconciliations between Total results and Adjusted results for 2023 and 2022 are set out on pages 93 to 94.

| | 2023 | | 2022 | | Growth | |
|---|---|---|---|---|---|---|
| | £m | % of turnover | £m | % of turnover | £% | CER% |
| Turnover | **30,328** | **100** | 29,324 | 100 | 3 | 5 |
| Cost of sales | **(7,716)** | **(25.4)** | (8,741) | (29.8) | (12) | (11) |
| Selling, general and administration | **(9,029)** | **(29.8)** | (8,128) | (27.7) | 11 | 13 |
| Research and development | **(5,750)** | **(19.0)** | (5,062) | (17.3) | 14 | 14 |
| Royalty income | **953** | **3.2** | 758 | 2.6 | 26 | 26 |
| Adjusted operating profit | **8,786** | **29.0** | 8,151 | 27.8 | 8 | 12 |
| Adjusted profit attributable to non-controlling interest | **572** | | 595 | | | |
| Adjusted profit attributable to shareholders | **6,283** | | 5,625 | | | |
| Adjusted profit after taxation | **6,855** | | 6,220 | | 10 | 15 |
| Adjusted earnings per share (p) | **155.1p** | | 139.7p | | 11 | 16 |

# Reporting framework

## Total and Adjusted results

The Group financial review discusses the operating and financial performance of the Group, its cash flows and financial position and our resources. The results for each year are compared primarily with the results of the preceding year.

### Total results

Total reported results represent the Group's overall performance.

GSK also uses a number of adjusted, non-IFRS, measures to report the performance of its business. Adjusted results and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. Adjusted results are defined below and other non-IFRS measures are defined on page 83.

GSK believes that Adjusted results, when considered together with Total results, provide investors, analysts and other stakeholders with helpful complementary information to understand better the financial performance and position of the Group from period to period, and allow the Group's performance to be more easily compared against the majority of its peer companies. These measures are also used by management for planning and reporting purposes and when determining compensation. They may not be directly comparable with similarly described measures used by other companies.

GSK encourages investors and analysts not to rely on any single financial measure but to review GSK's Annual Reports, including the financial statements and notes, in their entirety.

### Adjusted results

Adjusted results exclude the profits from discontinued operations from the Consumer Healthcare business (see details on page 238) and the following items in relation to our continuing operations from Total results, together with the tax effects of all of these items:

- amortisation of intangible assets (excluding computer software and capitalised development costs)
- impairment of intangible assets (excluding computer software) and goodwill
- Major restructuring costs, which include impairments of tangible assets and computer software, (under specific Board approved programmes that are structural, of a significant scale and where the costs of individual or related projects exceed £25 million) including integration costs following material acquisitions
- transaction-related accounting or other adjustments related to significant acquisitions
- proceeds and costs of disposals of associates, products and businesses; significant settlement income; significant legal charges (net of insurance recoveries) and expenses on the settlement of litigation and government investigations; other operating income other than royalty income, and other items

Costs for all other ordinary course smaller scale restructuring and legal charges and expenses are retained within both Total and Adjusted results.

As Adjusted results include the benefits of Major restructuring programmes but exclude significant costs (such as amortisation of intangible assets except for computer software and capitalised development costs, significant legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in its Total results. The exclusion of other Adjusting items may result in Adjusted earnings being materially higher or lower than Total earnings. In particular, when significant impairments, restructuring charges and legal costs are excluded, Adjusted earnings will be higher than Total earnings.

GSK has undertaken a number of Major restructuring programmes in response to significant changes in the Group's trading environment or overall strategy or following material acquisitions. Within the Pharmaceuticals sector, the highly regulated manufacturing operations and supply chains and long lifecycle of the business mean that restructuring programmes, particularly those that involve the rationalisation or closure of manufacturing or R&D sites are likely to take several years to complete. Costs, both cash and non-cash, of these programmes are provided for as individual elements are approved and meet the accounting recognition criteria. As a result, charges may be incurred over a number of years following the initiation of a Major restructuring programme.

Significant legal charges and expenses are those arising from the settlement of litigation or government investigations that are not in the normal course and are materially larger than more regularly occurring individual matters. They also include certain major legacy matters.

Reconciliations between Total and Adjusted results, providing further information on the key Adjusting items for 2023, 2022 and 2021, are set out on pages 93 to 95.

GSK provides earnings guidance to the investor community on the basis of Adjusted results. This practice is in line with peer companies and expectations of the investor community, supporting easier comparison of the Group's performance with its peers. GSK is not able to give guidance for Total results as it cannot reliably forecast certain material elements of the Total results, particularly the future fair value movements on contingent consideration and put options that can and have given rise to significant adjustments driven by external factors such as currency and other movements in capital markets.

# Group financial review continued

### Reporting framework continued

## Historical record of Adjusting items

The reconciliations between Total and Adjusted operating profit from continuing operations over the last three years can be summarised as follows:

| | 2023 £m | 2022 £m | 2021 £m |
|---|---|---|---|
| Total operating profit from continuing operations | **6,745** | 6,433 | 4,357 |
| Intangible amortisation | **719** | 739 | 761 |
| Intangible impairment | **398** | 296 | 347 |
| Major restructuring | **382** | 321 | 424 |
| Transaction-related items | **572** | 1,750 | 1,143 |
| Divestments, significant legal and other items | **(30)** | (1,388) | (539) |
| Adjusted results | **8,786** | 8,151 | 6,493 |

The analysis of the impact of transaction-related items on operating profit for each of the last three years is as follows:

| | 2023 £m | 2022 £m | 2021 £m |
|---|---|---|---|
| Contingent consideration on former Shionogi-ViiV Healthcare JV (including Shionogi preferential dividends) | **934** | 1,431 | 1,026 |
| ViiV Healthcare put options and Pfizer preferential dividends | **(245)** | 85 | 48 |
| Contingent consideration on former Novartis Vaccines business | **(187)** | 193 | 27 |
| Contingent consideration on acquisition of Affinivax | **44** | 17 | – |
| Other adjustments | **26** | 24 | 42 |
| Transaction-related items | **572** | 1,750 | 1,143 |

Full reconciliations between Total and Adjusted results for 2021–2023 including continuing and discontinued operations are set out on pages 93 to 95. Further explanations on the Adjusting items for 2023 are reported on page 96.

## Other non-IFRS measures

### Free cash flow

Free cash flow is defined as the net cash inflow/outflow from continuing operating activities less capital expenditure on property, plant and equipment and intangible assets, contingent consideration payments, net finance costs, and dividends paid to non-controlling interests, contributions from non-controlling interests plus proceeds from the sale of property, plant and equipment and intangible assets, and dividends received from joint ventures and associates (all attributable to continuing operations). It is used by management for planning and reporting purposes and in discussions with and presentations to investment analysts and rating agencies. Free cash flow growth is calculated on a reported basis. A reconciliation of net cash inflow from continuing operations to free cash flow from continuing operations is set out on page 97.

### Working capital

Working capital represents inventory and trade receivables less trade payables.

### CER and AER growth

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. CER% represents growth at constant exchange rates. £% or AER% represents growth at actual exchange rates.

### Return on capital employed

Return on capital employed is calculated as total profit before taxation as a percentage of average net assets over the year.

### Total net debt

Net debt is defined as total borrowings less cash, cash equivalents, liquid investments, and short-term loans to third parties that are subject to an insignificant risk of change in value. Please see Note 30 'Net Debt' for the calculation of net debt.

### Total Operating Margin

Total operating margin is operating profit divided by turnover.

### Adjusted Operating Margin

Adjusted operating margin is Adjusted operating profit divided by turnover.

### Compound Annual Growth Rate (CAGR)

CAGR is defined as the compound annual growth rate and shows the annualised average rate of revenue growth between a number of given years, assuming growth takes place at an exponentially compounded rate.

# Group financial review continued

## Reporting framework continued

## Non-controlling interests in ViiV Healthcare

### Trading profit allocations

As ViiV Healthcare is a subsidiary of the Group, 100% of its operating results (turnover, operating profit, profit after tax) are included within the Group income statement and then a portion of the earnings is allocated to the non-controlling interests owned by the other shareholders, in line with their respective equity shareholdings (Pfizer, Inc. (Pfizer) 11.7% and Shionogi & Co. Ltd (Shionogi) 10%). Each of the shareholders, including GSK, is also entitled to preferential dividends determined by the performance of certain products that each shareholder contributed. As the relative performance of these products changes over time, the proportion of the overall earnings allocated to each shareholder also changes. In particular, the increasing proportion of sales of dolutegravir- and cabotegravir-containing products has a favourable impact on the proportion of the preferential dividends that is allocated to GSK. Adjusting items are allocated to shareholders based on their equity interests. GSK was entitled to approximately 84% of the Total earnings and 83% of the Adjusted earnings of ViiV Healthcare for 2023.

Remeasurements of the liabilities for the preferential dividends allocated to Pfizer and Shionogi are included within other operating income/(expenses).

### Acquisition-related arrangements

As consideration for the acquisition of Shionogi's interest in the former Shionogi-ViiV Healthcare joint venture in 2012, Shionogi received the 10% equity stake in ViiV Healthcare and ViiV Healthcare also agreed to pay additional future cash consideration to Shionogi, contingent on the future sales performance of the products being developed by that joint venture, dolutegravir and cabotegravir. Under IFRS 3 `Business combinations', GSK was required to provide for the estimated fair value of this contingent consideration at the time of acquisition and is required to update the liability to the latest estimate of fair value at each subsequent period end. The liability for the contingent consideration recognised in the balance sheet at the date of acquisition was £659 million. Subsequent re-measurements are reflected within other operating income/(expenses) and within Adjusting items in the income statement in each period.

Cash payments to settle the contingent consideration are made to Shionogi by ViiV Healthcare each quarter, based on the actual sales performance and other income of the relevant products in the previous quarter. These payments reduce the balance sheet liability and hence are not recorded in the income statement, but are included in the cash flow. The cash payments made to Shionogi by ViiV Healthcare in 2023 were £1,106 million.

As the liability is required to be recorded at the fair value of estimated future payments, there is a significant timing difference between the charges that are recorded in the Total income statement to reflect movements in the fair value of the liability and the actual cash payments made to settle the liability.

The cash payments are reflected in the cash flow statement partly in operating cash flows and partly within investing activities. The tax relief on these payments is reflected in the Group's Adjusting items as part of the tax charge. The part of each payment relating to the original estimate of the fair value of the contingent consideration on the acquisition of the Shionogi-ViiV Healthcare joint venture in 2012 of £659 million is reported within investing activities in the cash flow statement and the part of each payment relating to the increase in the liability since the acquisition is reported within operating cash flows.

Movements in contingent consideration payable to Shionogi were as follows:

| | **2023 £m** | 2022 £m |
|---|---|---|
| Contingent consideration at beginning of the year | **5,890** | 5,559 |
| Remeasurement through income statement and other movements | **934** | 1,431 |
| Cash payments: operating cash flows | **(1,106)** | (1,031) |
| Cash payments: investing activities | **–** | (69) |
| Contingent consideration at end of the year | **5,718** | 5,890 |

Of the contingent consideration payable (on a post-tax basis) to Shionogi at 31 December 2023, £1,017 million (31 December 2022: £940 million) is expected to be paid within one year.

### Exit rights

Pfizer may request an IPO of ViiV Healthcare at any time and if either GSK does not consent to such IPO or an offering is not completed within nine months, Pfizer could require GSK to acquire its shareholding. Under the original agreements, GSK had the unconditional right, so long as it made no subsequent distribution to its shareholders, to withhold its consent to the exercise of the Pfizer put option and, as a result, in accordance with IFRS, GSK did not recognise a liability for the put option on its balance sheet. However, during Q1 2016, GSK notified Pfizer that it had irrevocably given up this right and accordingly recognised the liability for the put option on the Group's balance sheet during Q1 2016 at an initial value of £1,070 million. Consistent with this revised treatment, at the end of Q1 2016 GSK also recognised liabilities for the future preferential dividends anticipated to become payable to Pfizer and Shionogi on the Group's balance sheet.

Pfizer has the right to require GSK to acquire its shareholding in ViiV Healthcare in certain circumstances at any time. A put option liability is therefore recorded on the Group's balance sheet as a current liability. It is measured on the gross redemption basis derived from an internal valuation of the ViiV Healthcare business.

The closing balances of the liabilities related to Pfizer's shareholding are as follows:

| | **2023 £m** | 2022 £m |
|---|---|---|
| Pfizer put option | **848** | 1,093 |

## Group financial review continued

### Reporting framework continued

Under the original agreements, Shionogi could also have requested GSK to acquire its shareholding in ViiV Healthcare in six-month windows commencing in 2017, 2020 and 2022. GSK had the unconditional right, so long as it made no subsequent distribution to its shareholders, to withhold its consent to the exercise of the Shionogi put option and, as a result, GSK did not recognise a liability for the put option on its balance sheet.

However, during Q1 2016, GSK notified Shionogi that it had irrevocably given up this right and accordingly recognised the liability for the put option on the Group's balance sheet during Q1 2016 at an initial value of £926 million. In Q4 2016, Shionogi irrevocably agreed to waive its put option and, as a result, GSK de-recognised the liability for this put option on the Group's balance sheet directly to equity. The value of the liability was £1,244 million when it was de-recognised.

GSK also has a call option over Shionogi's shareholding in ViiV Healthcare, which under the original agreements was exercisable in six-month windows commencing in 2027, 2030 and 2032. GSK has now irrevocably agreed to waive the first two exercise windows, but the last six-month window in 2032 remains. As this call option is at fair value, it has no value for accounting purposes.

## Reporting definitions

### COVID-19 solutions

COVID-19 solutions include the sales of pandemic adjuvant and other COVID-19 solutions including vaccine manufacturing and *Xevudy* and the associated costs but does not include reinvestment in R&D. This categorisation is used by management and we believe is helpful to investors through providing clarity on the results of the Group by showing the contribution to growth from COVID-19 solutions.

### Turnover excluding COVID-19 solutions

Turnover excluding COVID-19 solutions excludes the impact of sales of pandemic adjuvant within Vaccines and *Xevudy* within Specialty Medicines related to the COVID-19 pandemic. Management believes that the exclusion of the impact of these COVID-19 solutions sales aids comparability in the reporting periods and understanding of GSK's growth including by region versus prior periods and also 2024 Guidance which excludes any contributions from COVID-19 solutions.

### Adjusted operating profit excluding COVID-19 solutions

Adjusted operating profit excludes the impact of Commercial Operations COVID-19 solutions for *Xevudy* and pandemic adjuvant.

### Adjusted earnings per share excluding COVID-19 solutions

Adjusted earnings per share excludes the impact of Commercial Operations COVID-19 solutions for *Xevudy* and pandemic adjuvant.

### General Medicines

General medicines are usually prescribed in the primary care or community settings by general healthcare practitioners. For GSK, this includes medicines in inhaled respiratory, dermatology, antibiotics and other diseases.

### Specialty Medicines

Specialty Medicines are typically prescription medicines used to treat complex or rare chronic conditions. For GSK, this comprises medicines in infectious diseases, HIV, Oncology, Respiratory/Immunology and Other.

### Share Consolidation

Following completion of the Consumer Healthcare business demerger on 18 July 2022, GSK plc Ordinary shares were consolidated to maintain share price comparability before and after demerger. Shareholders received 4 new Ordinary shares with a nominal value of 31¼ pence each for every 5 existing Ordinary shares which had a nominal value of 25 pence each. Earnings per share, diluted earnings per share, adjusted earnings per share and dividends per share were retrospectively adjusted to reflect the Share Consolidation in all the periods presented.

### Earnings per share

Earnings per share has been retrospectively adjusted for the Share Consolidation on 18 July 2022, applying a ratio of 4 new Ordinary shares for every 5 existing Ordinary shares.

### Total Earnings per share

Unless otherwise stated, Total earnings per share refers to Total basic earnings per share.

### RAR (Returns and Rebates)

GSK sells to customers, both commercial and government mandated contracts, with reimbursement arrangements that include rebates, chargebacks and a right of return for certain pharmaceutical products principally in the US. Revenue recognition reflects gross-to-net sales adjustments as a result. These adjustments are known as the RAR accruals and are a source of significant estimation, uncertainty and fluctuation which can have a material impact on reported revenue from one accounting period to the next.

### Total Operating Margin

Total Operating margin is Total operating profit divided by turnover.

### Adjusted Operating Margin

Adjusted operating margin is Adjusted operating profit divided by turnover.

### Discontinued operations

Consumer Healthcare was presented as a discontinued operation from Q2 2022. The demerger of Consumer Healthcare was completed on 18 July 2022. The Group Income Statement and Group Cash Flow Statement distinguish discontinued operations from continuing operations.

### Percentage points

Percentage points of growth which is abbreviated to ppts.

### Non-controlling interest

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

### Brand names and partner acknowledgements

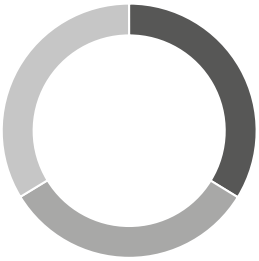
Brand names appearing in italics throughout this document are trademarks of GSK or associated companies or used under licence by the Group.

# Financial performance

## Group turnover

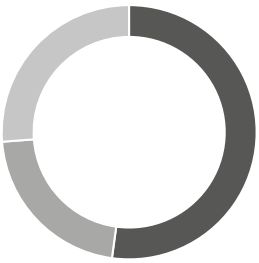
Group turnover was £30,328 million in the year, up 3% at AER, 5% at CER. In 2023 sales grew 12% at AER, 14% CER excluding COVID-19 solutions.

### Group turnover by business



- Vaccines
  £9.9bn
  AER growth 24% CER growth 25%
- Speciality Medicines
  £10.2bn
  AER decline -9% CER decline -8%
- General Medicines
  £10.2bn
  AER growth 1% CER growth 5%

### Group turnover by geographic region



- US
  £15.8bn
  AER growth 9% CER growth 9%
- Europe
  £6.6bn
  AER growth 3% CER growth 2%
- International
  £7.9bn
  AER decline -6% CER growth 1%

GSK reports results under two segments namely Commercial Operations and Total R&D. See Note 6, 'Turnover and segment information' to the consolidated financial statements for more details.

The Commercial Operations segment has three product groups of Vaccines, Specialty Medicines, and General Medicines.

- Vaccines products, which includes sales of *Shingrix* and *Arexvy*
- Specialty Medicines products which includes GSK's marketed products for HIV, oncology, respiratory/immunology and other specialty medicines (including *Nucala*)
- General Medicines products, which include products previously reported as Established Pharmaceuticals and sales of *Trelegy Ellipta* and *Anoro Ellipta* (previously reported within the Respiratory category under Specialty products). These products are typically accessed by patients through primary care settings

## Vaccines

### Turnover (£bn)

£9.9bn

AER growth 24%

CER growth 25%

32% of Group turnover

### Vaccines turnover

Vaccines turnover excluding COVID-19 solutions

£9.7bn

AER growth 23% CER growth 24%

Pandemic turnover

£0.2bn

AER growth >100 CER growth >100

Double-digit growth for Vaccines in the full year was driven by the successful launch of *Arexvy* in the US and continued strong uptake of *Shingrix* in International and Europe. Pandemic vaccines sales mostly include GSK's share of 2023 contracted European volumes related to a COVID-19 booster vaccine co-developed with Sanofi.

## Shingles

| | **2023 £m** | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Shingles | **3,446** | 2,958 | 16 | 17 |

*Shingrix*, a vaccine against herpes zoster (shingles), grew 16% AER, 17% CER on increased demand and favourable pricing. Growth was driven by public funding expansion and strong private uptake in International and Europe. These regions represented 45% of global turnover, compared to a third in 2022, with *Shingrix* launched in 39 markets outside of the US, most of which have cumulative immunisation rates below 4%. International sales were driven by launch uptake across several markets, strong momentum and channel inventory build in China due to transition between distributors, and a new public programme in Australia. Sales in Europe included deliveries for the UK National Immunisation Programme which began offering *Shingrix* vaccination in September 2023. In the US, retail demand grew 7% while overall sales declined 4% versus a challenging comparator period in which there was a higher non-retail purchasing. The US cumulative immunisation penetration at the end of Q3 2023 reached 35% of the more than 120 million US adults[1] who are currently recommended to receive *Shingrix*, up 7 percentage points since the same time last year.

(1) United States Census Bureau, International Database, Year 2023

# Group financial review continued

## Financial performance continued

### Meningitis

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Meningitis | **1,260** | 1,116 | 13 | 14 |

Double-digit Meningitis vaccine sales growth was largely delivered by *Bexsero*, a vaccine against meningitis B, primarily driven by inclusion in National Immunisation Programmes in Europe. *Menveo*, a vaccine against meningitis ACWY, grew due to the favourable impact of a US CDC (Center for Disease Control) stockpile borrow in Q3 2022 and replenishment in Q4 2023. Meningitis growth benefitted from the favourable impact of CDC stockpile movements by 6 percentage points.

### RSV

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| RSV (*Arexvy*) | **1,238** | – | – | – |

*Arexvy*, the world's first approved respiratory syncytial virus (RSV) vaccine for older adults, achieved more than £1.2 billion in sales driven by strong uptake and leading market share, delivering an outstanding launch. Almost all sales were in the US where *Arexvy* is available in all major retail pharmacies with competitive contracting in place. Retailers administered more than 90% of doses, and *Arexvy* achieved more than two-thirds of the share of retail vaccinations. Approximately 6 million of the 83 million US adults[1] aged 60 and older at risk have been vaccinated with *Arexvy*.

### Influenza

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Influenza | **504** | 714 | (29) | (29) |

*Fluarix/FluLaval* sales declined in 2023 in line with expectations driven by competitive pressure and lower market demand primarily in the US.

### Established Vaccines

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Established Vaccines | **3,266** | 3,085 | 6 | 7 |

Established Vaccines growth was driven by *Rotarix* favourable US CDC stockpile movements, MMR/V vaccines increased supply in International, and Hepatitis vaccine performance related to the travel market recovery. Established Vaccines growth excluding the impact of CDC stockpile movements was 4%.

(1) United States Census Bureau, International Database, Year 2023

## Specialty Medicines

### Turnover (£bn)

£10.2bn

AER decline -9%

CER decline -8%

34% of Group Turnover

### Specialty Medicines turnover

Specialty turnover excluding COVID-19 solutions

£10.2bn

AER growth 14% CER growth 15%

Pandemic turnover

£0.04bn

AER decline -98% CER decline -98%

Specialty Medicines growth (excluding COVID-19 solutions) of 14% AER, 15% CER reflected continued growth momentum on the HIV portfolio, and growth acceleration in both Oncology and Respiratory/Immunology and Other. COVID-19 solutions negatively impacted growth by 23 percentage points.

### HIV

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| HIV | **6,444** | 5,749 | 12 | 13 |

The growth of HIV was primarily driven by a 2 percentage point increase in market share within a broadly flat global treatment market, attributable to patient demand for the Oral 2DR (*Dovato*, *Juluca*) and Long-Acting medicines (*Cabenuva*, *Apretude*). Growth was driven by patient demand of ten percentage points, with the remainder from favourable pricing dynamics and tender growth. *Dovato* continues to be the highest selling product in the HIV portfolio.

### Oral 2DR and Long Acting

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Oral 2DR and Long Acting | **3,337** | 2,392 | 40 | 40 |

Oral 2DR (*Dovato*, *Juluca*) and Long-Acting medicine (*Cabenuva*, *Apretude*) sales growth continues and by the end of the year represented 55% of the total HIV portfolio compared to 46% for Q4 2022, driven by market share growth of 4 percentage points versus Q4 2022.

# Group financial review continued

## Financial performance continued

### Respiratory/Immunology and other

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Respiratory/Immunology and Other | **3,025** | 2,609 | 16 | 18 |

This therapy area includes sales of *Nucala* and *Benlysta*, and *Jesduvroq* in the US and *Duvroq* in Japan for patients with anaemia due to chronic kidney disease. There was consistent and sustained double-digit growth in both *Benlysta* and *Nucala*.

#### *Nucala*

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| *Nucala* | **1,655** | 1,423 | 16 | 18 |

*Nucala*, is an IL-5 antagonist monoclonal antibody treatment for severe asthma, with additional indications including chronic rhinosinusitis with nasal polyps, eosinophilic granulomatosis with polyangiitis (EGPA) and hypereosinophilic syndrome (HES). Continued strong growth in all regions reflected high patient demand in severe eosinophilic asthma, and additionally from increasing sales and growth contributions from the new indications.

#### *Benlysta*

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| *Benlysta* | **1,349** | 1,146 | 18 | 19 |

*Benlysta*, a monoclonal antibody treatment for Lupus, continues to show consistent growth representing strong demand in US and Europe, with bio penetration and volume uptake in certain International markets, particularly in Japan and China.

### Oncology

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Oncology | **731** | 602 | 21 | 23 |

Oncology demonstrated strong growth driven by *Jemperli* and *Zejula* performance, and uptake of *Ojjaara* post US launch in Q3 2023, partially offset by the impact of *Blenrep* withdrawal from the US market in November 2022.

#### *Zejula*

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| *Zejula* | **523** | 463 | 13 | 15 |

*Zejula*, a PARP inhibitor treatment for ovarian cancer, grew 15% with strong growth from all regions, with US growth in the first line indication more than offsetting the reduction in use in second line following the update to US prescribing information agreed with the FDA in Q4 2022.

### General Medicines

**Turnover (£bn)**

| £10.2bn | AER growth | CER growth |
|---|---|---|
| | 1% | 5% |

34% of Group turnover

Growth was driven by both Respiratory and Other General Medicines, with ongoing strong demand for *Trelegy* in all regions, *Anoro* in Europe and International, and a continued post pandemic recovery of the antibiotic market in Europe and International regions.

### Respiratory

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Respiratory | **6,825** | 6,548 | 4 | 6 |

Performance reflected growth of *Trelegy* and the single inhaled triple therapy class across all regions, and of *Anoro* in Europe and International.

#### *Trelegy*

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| *Trelegy* | **2,202** | 1,729 | 27 | 29 |

*Trelegy* is the most prescribed single inhaler triple therapy (SITT) treatment worldwide for COPD and asthma. Strong growth was delivered across all regions, reflecting increased patient demand, growth of the SITT market and penetration of the class. Growth momentum continues, supported by the outputs of recently updated primary care guidelines from the Global Initiative for Chronic Obstructive Lung Disease.

#### *Seretide/Advair*

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| *Seretide/Advair* | **1,139** | 1,159 | (2) | 1 |

*Seretide/Advair* is an ICS/LABA treatment for asthma and COPD. *Seretide/Advair* sales growth increased 1% primarily reflecting favourable US pricing. However this was offset by generic erosion impacts in Europe and certain International markets. In the US, growth was impacted by unfavourable RAR adjustments and the impact of US of channel inventory reduction ahead of 2024 price changes.

### Other general medicines

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Other general medicines | **3,395** | 3,570 | (5) | 2 |

Decline of 5% at AER reflects adverse currency impacts. Low single digit growth of 2% reflected ongoing post pandemic demand for anti-infectives in Europe and International, and certain third party manufacturing arrangements. Overall growth in this product group continues to be impacted by ongoing generic competition.

# Group financial review continued

## Financial performance continued

## Turnover by regions

### US

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total | **15,820** | 14,542 | 9 | 9 |
| Excluding COVID | **15,810** | 13,714 | 15 | 16 |

Sales growth was adversely impacted by 7 percentage points due to decreased sales of *Xevudy*.

Vaccines grew strongly driven by *Arexvy* launch uptake and leading market share, partly offset by competition and lower market demand for Influenza vaccines. Growth benefitted from favourable US CDC stockpile movements by 4 percentage points.

Specialty Medicines grew driven by a strong HIV performance, *Benlysta* and *Nucala* continued growth, and strong Oncology growth despite partial offset from the impact of the withdrawal of *Blenrep* in November 2022.

General Medicines growth was largely driven by *Trelegy* from increased patient demand and growth of the SITT market, partially offset by Established Respiratory and Other General Medicines.

### Europe

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total | **6,564** | 6,348 | 3 | 2 |
| Excluding COVID | **6,431** | 5,835 | 10 | 8 |

COVID-19 solutions impacted growth by 6 percentage points. Excluding the impact of COVID-19 solutions, Europe delivered strong growth of 10% AER, 8% CER.

Vaccines growth reflected *Shingrix* national immunisation programme initiation in the UK and launch uptake across several markets, together with *Bexsero* national immunisation campaigns in France and Spain, and ongoing travel vaccine recovery.

Specialty Medicines double digit growth was driven by growth in HIV, Oncology, *Benlysta* and *Nucala* including the impact of new indication launches.

General Medicines low single digit growth was maintained.

### International

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total | **7,944** | 8,434 | (6) | 1 |
| Excluding COVID | **7,893** | 7,402 | 7 | 15 |

COVID-19 solutions impacted growth by 14 percentage points. Excluding the impact of COVID-19 solutions, International continued to grow by 7% AER, 15% CER, with strong growth across all product groups.

Vaccines double digit growth was driven by *Shingrix* launch uptake across several markets, strong momentum and channel inventory build in China, and a new public programme in Australia. Established and Meningitis vaccines also contributed to the growth.

Specialty Medicines grew in HIV, *Nucala*, *Benlysta* and *Zejula*.

General Medicines growth was driven by *Trelegy* and growth across Established Respiratory. Other General Medicines growth was driven by *Augmentin* on strong post pandemic antibiotic demand.

# Group financial review continued

## Financial performance continued

### Cost of sales

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total cost of sales | **(8,565)** | (9,554) | (10) | (10) |
| % of sales | **28.2%** | 32.6% | (4.3) | (4.6) |
| Adjusted cost of sales | **(7,716)** | (8,741) | (12) | (11) |
| % of sales | **25.4%** | 29.8% | (4.4) | (4.6) |

Total and Adjusted cost of sales as a percentage of sales decreased primarily reflecting lower sales of lower margin *Xevudy* compared to 2022. Excluding *Xevudy*, the year benefitted from an increasing margin contribution from Vaccines sales, particularly the launch of *Arexvy* in Q3 2023 in the US and *Shingrix* outside the US. In addition, Specialty Medicines, particularly HIV, contributed to the improved margin, as well as continued operational efficiencies. This was partly offset by adverse inventory provision adjustments in the year as well as inflationary impact on input costs.

### Selling, general and administration

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total selling, general and administration | **(9,385)** | (8,372) | 12 | 14 |
| % of sales | **30.9%** | 28.6% | 2.4 | 2.3 |
| Adjusted selling, general and administration | **(9,029)** | (8,128) | 11 | 13 |
| % of sales | **29.8%** | 27.7% | 2.1 | 1.9 |

Growth in Total and Adjusted SG&A in 2023 primarily reflected increased investment for growth in Vaccines, including disease awareness, launch and global market expansion for *Arexvy*, and investment behind global market expansion and disease awareness for *Shingrix*. In Specialty Medicines, increased investment was targeted behind long-acting injectables in HIV and the launch of *Ojjaara* for myelofibrosis in Oncology. This was partly offset by the continuing benefit of restructuring and tight control of ongoing costs. 2023 also reflected the *Zejula* royalty dispute in Q1 2023. Total SG&A also included an increase in significant legal costs (see details on page 96).

### Research and development

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total research and development | **(6,223)** | (5,488) | 13 | 14 |
| % of sales | **20.5%** | 18.7% | 1.8 | 1.5 |
| Adjusted research and development | **(5,750)** | (5,062) | 14 | 14 |
| % of sales | **19.0%** | 17.3% | 1.7 | 1.4 |

R&D operating expense growth in 2023 was driven by investment across the portfolio.

In the late stage, increased investment in Vaccines was driven by continued acceleration and progression of the pipeline including RSV, pneumococcal, mRNA and therapeutic HSV vaccines.

Respiratory/Immunology investment continued in depemokimab in the Phase III programmes in asthma and nasal polyps together with camlipixant a new asset for refractory chronic cough, *Nucala* in COPD, paediatric *Benlysta* and CCL 17 in osteo arthritic pain. This was offset by decreased expense in the completion of the clinical programme for otilimab.

Infectious Diseases investment in bepirovirsen for treatment of chronic hepatitis B increased to support both monotherapy and combination programmes. Investment in key assets in oncology continued such as *Jemperli* and *Ojjaara* but were offset by reduction in the terminated Cell and Gene Therapy programme.

In the early-stages, investment increased in IL18 for atopic dermatitis, and in the HIV portfolio, focused on next generation long-acting treatments and preventative medicines.

Total R&D included higher impairment charges compared with 2022.

### Royalty income

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total royalty income | **953** | 758 | 26 | 26 |
| Adjusted royalty income | **953** | 758 | 26 | 26 |

Growth in Total and Adjusted royalty income primarily related to Gardasil royalties, which were £472 million in 2023, as well as Kesimpta and Biktarvy royalties. The overwhelming majority of the income from Gardasil royalties ceased at the end of 2023.

### Other operating income/(expense)

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Other operating income/(expenses) | **(363)** | (235) | (54) | (54) |

Other operating expenses reflected a charge of £546 million (2022: £1,726 million) arising from the remeasurement of contingent consideration liabilities and the liabilities for the Pfizer put option, and a fair value loss of £17 million (2022: £229 million gain) on the retained stake in Haleon plc, partly offset by £200 million (2022: £306 million) of other net income primarily related to equity investments and milestone income (including £49 million dividends received from the retained investment in Haleon plc). In Q1 2022 upfront income of £0.9 billion was received from the settlement with Gilead Sciences Inc.

# Group financial review continued

## Financial performance continued

### Operating profit

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total operating profit | **6,745** | 6,433 | 5 | 10 |
| % of sales | **22.2%** | 21.9% | 0.3 | 1.0 |
| Adjusted operating profit | **8,786** | 8,151 | 8 | 12 |
| % of sales | **29.0%** | 27.8% | 1.2 | 1.8 |

**Total operating profit** margin was higher in 2023 due to profitable growth across the portfolio as well as favourable movements in contingent consideration liabilities, partly offset by an unfavourable comparison due to the £0.9 billion upfront income received from the settlement with Gilead Sciences Inc. in Q1 2022.

**Adjusted operating profit** benefitted from strong sales, favourable product mix and increased royalty income partly offset by increased investment behind product launches and in R&D. It also included increased legal charges primarily relating to the *Zejula* royalty dispute.

In 2023 the adverse impact of lower sales of COVID-19 solutions was 5 percentage points of Total operating profit growth at AER (6 percentage points at CER), with an impact in Total operating profit margin of 0.5 percentage points.

In 2023 the adverse impact of lower sales of COVID-19 solutions was 4 percentage points of Adjusted operating profit growth, with an impact in Adjusted operating profit margin of 0.4 percentage points.

### Adjusted operating profit by business

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Commercial operations | **14,656** | 13,590 | 8 | 10 |
| % of sales | **48.3%** | 46.3% | 2.0 | 2.1 |
| R&D | **(5,607)** | (5,060) | 11 | 11 |

Commercial Operations Adjusted operating profit benefitted from strong sales and favourable product mix (with minimal *Xevudy* sales) and increased royalty income, partly offset by increased investment in growth and launch assets as well as an increase in legal provisions in 2023.

The R&D segment operating expenses growth was driven by progression of the late stage in Vaccines, Respiratory/ Immunology and Infectious Diseases. This included pneumococcal and mRNA programmes together with the newly acquired camlipixant and ongoing investment in key programmes such as depemokimab and bepirovirsen.

### Net finance costs

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total net finance cost | **677** | 803 | (16) | (15) |
| Adjusted finance cost | **669** | 791 | (15) | (15) |

Total net finance costs were £677 million compared with £803 million in 2022. Adjusted net finance costs were £669 million compared with £791 million in 2022. The decrease was mainly driven by the net savings from maturing bonds including the Sterling Notes repurchase in Q4 2022 and higher interest income on cash, partly offset by higher interest on short-term financing.

### Share of after tax profits of associates and joint ventures

The share of after tax loss of associates and joint ventures was £5 million (2022: £2 million share of loss).

### Profit on disposal of interest in associates

In 2023, the Group also reported a profit on disposal of interests in associates and joint ventures of £1 million.

### Profit before tax

Taking account of net finance costs, the share of profits or losses of associates and profit or loss on disposal of interest in associates, profit before taxation was £6,064 million compared with £5,628 million in 2022.

### Taxation

| | 2023 £m | 2022 £m |
|---|---|---|
| UK current year charge | **207** | 200 |
| Rest of world current year charge | **1,371** | 1,351 |
| Charge/(credit) in respect of prior periods | **43** | (60) |
| Total current taxation | **1,621** | 1,491 |
| Total deferred taxation | **(865)** | (784) |
| Taxation on total profits | **756** | 707 |

The charge of £756 million represented an effective tax rate on Total results of 12.5% (2022: 12.6%) and reflected the different tax effects of the various Adjusting items. Tax on Adjusted profit amounted to £1,257 million and represented an effective Adjusted tax rate of 15.5% (2022: 15.5%). Issues related to taxation are described in Note 14, 'Taxation' to the financial statements. The Group continues to believe it has made adequate provision for the liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of agreements with relevant tax authorities.

### Non-controlling interests (NCI)

| | 2023 £m | 2022 £m | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total continuing | **380** | 460 | (17) | (17) |
| Adjusted | **572** | 595 | (4) | (4) |

The decrease in Total profit from continuing operations allocated to NCIs was primarily driven by lower ViiV Healthcare profits with an allocation of £374 million (2022: £416 million), as well as lower net profits in some of the Group's other entities.

The decrease in Adjusted profit from continuing operations allocated to NCIs reflected lower net profits in some of the Group's other entities with NCIs, partly offset by higher profits in ViiV Healthcare with an allocation of £566 million (2022: £551 million).

# Group financial review continued

## Financial performance continued

### Earnings per share from continuing operations

| | 2023 £m | 2022 £p | Growth £% | Growth CER% |
|---|---|---|---|---|
| Total continuing earnings per share | **121.6p** | 110.8p | 10 | 16 |
| Adjusted earnings per share | **155.1p** | 139.7p | 11 | 16 |

In 2023, the increase in Total continuing EPS primarily reflected lower charges related to the remeasurement of contingent consideration liabilities, partly offset by a fair value loss on the retained stake in Haleon plc compared to a fair value gain in the same period last year. In addition, there is an unfavourable comparison due to upfront income received from the settlement with Gilead Sciences Inc. in Q1 2022.

Adjusted EPS reflected the growth in Adjusted Operating profit as well as lower finance costs. Growth also reflected a favourable benefit from lower non-controlling interests.

Lower sales from lower margin COVID-19 solutions reduced Adjusted EPS by six percentage points.

### Currency impact on results

| | 2023 £m/£p | 2022 £m/£p | Growth £% | Growth CER% |
|---|---|---|---|---|
| Turnover | **30,328** | 29,324 | 3 | 5 |
| Total continuing earnings per share | **121.6p** | 110.8p | 10 | 16 |
| Adjusted earnings per share | **155.1p** | 139.7p | 11 | 16 |

The adverse currency impact primarily reflected weakening of emerging market currencies and the Yen against Sterling and strengthening of Sterling against the US Dollar, partly offset by weakening of Sterling against the Euro. Exchange gains or losses on the settlement of intercompany transactions had a minimal impact on Adjusted EPS.

### Dividends

The Board has declared four interim dividends resulting in a total dividend for the year of 58.00p per share. The 2022 dividend per share was 61.25p retrospectively adjusted for the share consolidation. The GSK group dividend in 2022 was 55.00p per share, this is GSK related only and excludes the dividend related to Consumer Healthcare in H1 2022. Please refer to Note 16, 'Dividends' to the financial statements.

### Dividend policy

Dividends remain an essential component of total shareholder return and GSK recognises the importance of dividends to shareholders. On 23 June 2021, at the GSK Investor Update, GSK set out that from 2022 a progressive dividend policy will be implemented guided by a 40 to 60 percent pay-out ratio through the investment cycle. Consistent with this, and reflecting strong business performance during the year, GSK declared an increased dividend of 16.00p for Q4 2023 and 58.00p per share for full year 2023. The expected dividend for 2024 is 60.00p. In setting its dividend policy, GSK considers the capital allocation priorities of the Group and its investment strategy for growth alongside the sustainability of the dividend.

## Group financial review continued

# Adjusting items

### Adjusted results reconciliation 31 December 2023

| | Total results £m | Intangible asset amortisation £m | Intangible asset impairment £m | Major restructuring £m | Transaction-related £m | Divestments, significant legal and other items £m | Adjusted results £m |
|---|---|---|---|---|---|---|---|
| Turnover | 30,328 | | | | | | 30,328 |
| Cost of sales | (8,565) | 647 | | 164 | 13 | 25 | (7,716) |
| Gross profit | 21,763 | 647 | | 164 | 13 | 25 | 22,612 |
| Selling, general and administration | (9,385) | | | 216 | 13 | 127 | (9,029) |
| Research and development | (6,223) | 72 | 398 | 2 | | 1 | (5,750) |
| Royalty income | 953 | | | | | | 953 |
| Other operating (expense)/income | (363) | | | | 546 | (183) | – |
| Operating profit | 6,745 | 719 | 398 | 382 | 572 | (30) | 8,786 |
| Net finance costs | (677) | | | 1 | | 7 | (669) |
| Share of after-tax losses of associates and joint ventures | (5) | | | | | | (5) |
| Profit/(loss) on disposal of interest in associates | 1 | | | | | (1) | – |
| Profit before taxation | 6,064 | 719 | 398 | 383 | 572 | (24) | 8,112 |
| Taxation | (756) | (154) | (94) | (83) | (100) | (70) | (1,257) |
| *Tax rate* | 12.5% | | | | | | 15.5% |
| Profit after taxation from continuing operations | 5,308 | 565 | 304 | 300 | 472 | (94) | 6,855 |
| Profit attributable to non-controlling interests from continuing operations | 380 | | | | 192 | | 572 |
| Profit attributable to shareholders from continuing operations | 4,928 | 565 | 304 | 300 | 280 | (94) | 6,283 |
| | 5,308 | 565 | 304 | 300 | 472 | (94) | 6,855 |
| Earnings per share from continuing operations | 121.6p | 13.9p | 7.5p | 7.4p | 6.9p | (2.2)p | 155.1p |
| Weighted average number of shares (millions) | 4,052 | | | | | | 4,052 |

# Group financial review continued

## Financial performance continued

### Adjusted results reconciliation 31 December 2022

| | Total results £m | Profit from discontinued operations £m | Intangible asset amortisation £m | Intangible asset impairment £m | Major restructuring £m | Transaction-related £m | Divestments, significant legal and other items £m | Adjusted results £m |
|---|---|---|---|---|---|---|---|---|
| Turnover | 29,324 | | | | | | | 29,324 |
| Cost of sales | (9,554) | | 648 | | 102 | 45 | 18 | (8,741) |
| Gross profit | 19,770 | | 648 | | 102 | 45 | 18 | 20,583 |
| Selling, general and administration | (8,372) | | | | 180 | 13 | 51 | (8,128) |
| Research and development | (5,488) | | 91 | 296 | 39 | | | (5,062) |
| Royalty income | 758 | | | | | | | 758 |
| Other operating (expense)/income | (235) | | | | | 1,692 | (1,457) | |
| Operating profit | 6,433 | | 739 | 296 | 321 | 1,750 | (1,388) | 8,151 |
| Net finance costs | (803) | | | | 2 | | 10 | (791) |
| Share of after-tax profits of associates and joint ventures | (2) | | | | | | | (2) |
| Profit before taxation | 5,628 | | 739 | 296 | 323 | 1,750 | (1,378) | 7,358 |
| Taxation | (707) | | (150) | (64) | (87) | (242) | 112 | (1,138) |
| *Tax rate* | 12.6% | | | | | | | 15.5% |
| Profit after taxation from continuing operations | 4,921 | | 589 | 232 | 236 | 1,508 | (1,266) | 6,220 |
| Profit after taxation from discontinued operations and other gains/(losses) from the demerger | 3,049 | (3,049) | | | | | | |
| Remeasurement of discontinued operations distributed to shareholders on demerger | 7,651 | (7,651) | | | | | | |
| Profit after taxation from discontinued operations | 10,700 | (10,700) | | | | | | |
| Total profit after taxation for the year | 15,621 | (10,700) | 589 | 232 | 236 | 1,508 | (1,266) | 6,220 |
| Profit attributable to non-controlling interests from continuing operations | 460 | | | | | 135 | | 595 |
| Profit attributable to shareholders from continuing operations | 4,461 | | 589 | 232 | 236 | 1,373 | (1,266) | 5,625 |
| Profit attributable to non-controlling interest from discontinued operations | 205 | (205) | | | | | | |
| Profit attributable to shareholders from discontinued operations | 10,495 | (10,495) | | | | | | |
| | 15,621 | (10,700) | 589 | 232 | 236 | 1,508 | (1,266) | 6,220 |
| Total profit attributable to non-controlling interests | 665 | (205) | | | | 135 | | 595 |
| Total profit attributable to shareholders | 14,956 | (10,495) | 589 | 232 | 236 | 1,373 | (1,266) | 5,625 |
| | 15,621 | (10,700) | 589 | 232 | 236 | 1,508 | (1,266) | 6,220 |
| Earnings per share from continuing operations | 110.8p | | 14.6p | 5.8p | 5.9p | 34.1p | (31.5)p | 139.7p |
| Earnings per share from discontinued operations | 260.6p | (260.6)p | | | | | | |
| Total earnings per share | 371.4p | (260.6)p | 14.6p | 5.8p | 5.9p | 34.1p | (31.5)p | 139.7p |
| Weighted average number of shares (millions) | 4,026 | | | | | | | 4,026 |

# Group financial review continued

## Financial performance continued

### Adjusted results reconciliation 31 December 2021

| | Total results £m | Profit from discontinued operations £m | Intangible asset amortisation £m | Intangible asset impairment £m | Major restructuring £m | Transaction-related £m | Divestments, significant legal and other items £m | Adjusted results £m |
|---|---|---|---|---|---|---|---|---|
| Turnover | 24,696 | | | | | | | 24,696 |
| Cost of sales | (8,163) | | 660 | | 102 | 28 | 27 | (7,346) |
| Gross profit | 16,533 | | 660 | | 102 | 28 | 27 | 17,350 |
| Selling, general and administration | (7,070) | | | | 277 | 9 | 35 | (6,749) |
| Research and development | (5,019) | | 101 | 347 | 45 | | 1 | (4,525) |
| Royalty income | 417 | | | | | | | 417 |
| Other operating (expense)/income | (504) | | | | | 1,106 | (602) | |
| Operating profit | 4,357 | | 761 | 347 | 424 | 1,143 | (539) | 6,493 |
| Net finance costs | (755) | | | | 2 | | 1 | (752) |
| Loss on disposal of interest in associates | (36) | | | | | | 36 | |
| Share of after-tax profits of associates and joint ventures | 33 | | | | | | | 33 |
| Profit before taxation | 3,599 | | 761 | 347 | 426 | 1,143 | (502) | 5,774 |
| Taxation | (83) | | (153) | (81) | (79) | (179) | (343) | (918) |
| *Tax rate* | 2.3% | | | | | | | 15.9% |
| Profit after taxation from continuing operations | 3,516 | | 608 | 266 | 347 | 964 | (845) | 4,856 |
| Profit after taxation from discontinued operations and other gains/(losses) from the demerger | 1,580 | (1,580) | | | | | | |
| Profit after taxation from discontinued operations | 1,580 | (1,580) | | | | | | |
| Total profit after taxation for the year | 5,096 | (1,580) | 608 | 266 | 347 | 964 | (845) | 4,856 |
| Profit attributable to non-controlling interests from continuing operations | 200 | | | | | 241 | | 441 |
| Profit attributable to shareholders from continuing operations | 3,316 | | 608 | 266 | 347 | 723 | (845) | 4,415 |
| Profit attributable to non-controlling interest from discontinued operations | 511 | (511) | | | | | | |
| Profit attributable to shareholders from discontinued operations | 1,069 | (1,069) | | | | | | |
| | 5,096 | (1,580) | 608 | 266 | 347 | 964 | (845) | 4,856 |
| Total profit attributable to non-controlling interests | 711 | (511) | | | | 241 | | 441 |
| Total profit attributable to shareholders | 4,385 | (1,069) | 608 | 266 | 347 | 723 | (845) | 4,415 |
| | 5,096 | (1,580) | 608 | 266 | 347 | 964 | (845) | 4,856 |
| Earnings per share from continuing operations | 82.9p | | 15.2p | 6.6p | 8.7p | 18.1p | (21.2)p | 110.3p |
| Earnings per share from discontinued operations | 26.7p | (26.7)p | | | | | | |
| Total earnings per share | 109.6p | (26.7)p | 15.2p | 6.6p | 8.7p | 18.1p | (21.2)p | 110.3p |
| Weighted average number of shares (millions) | 4,003 | | | | | | | 4,003 |

# Group financial review continued

## Financial performance continued

### Intangible asset amortisation

See page 210 for description and information on Intangible asset amortisation.

### Intangible asset impairment

See page 210 for description and information on Intangible asset impairment. No individual intangible asset accounted for a material impairment.

### Major restructuring and integration

Within the Pharmaceuticals sector, the highly regulated manufacturing operations and supply chains and long life cycle of the business mean that restructuring programmes, particularly those that involve the rationalisation or closure of manufacturing or R&D sites are likely to take several years to complete.

Major restructuring costs are those related to specific Board-approved Major restructuring programmes and are excluded from Adjusted results. Major restructuring programmes, including integration costs following material acquisitions, are those that are structural and are of a significant scale where the costs of individual or related projects exceed £25 million. Other ordinary course smaller-scale restructuring costs are retained within Total and Adjusted results.

Total Major restructuring charges incurred in 2023 were £382 million (2022: £321 million), analysed as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Cash £m | Non-cash £m | Total £m | Cash £m | Non-cash £m | Total £m |
| Separation preparation restructuring programme | 199 | 117 | 316 | 177 | 110 | 287 |
| Significant acquisitions | 65 | 1 | 66 | 20 | – | 20 |
| Legacy programmes | (1) | 1 | – | 9 | 5 | 14 |
| | 263 | 119 | 382 | 206 | 115 | 321 |

The Separation Preparation programme incurred cash charges of £199 million primarily from the restructuring of some commercial and administrative functions as well as Global Supply Chain. The non-cash charges of £117 million primarily reflected the write-down of assets in administrative and manufacturing locations.

The benefit in the year 2023 from restructuring programmes was £0.2 billion, primarily relating to the Separation Preparation restructuring programme. The programme is now largely complete and has delivered its target of £1.1 billion of annual savings, with total costs still expected at £2.4 billion, with slightly higher cash charges of £1.7 billion but lower non-cash charges of £0.7 billion.

Costs of significant acquisitions relate to integration costs of Sierra Oncology Inc (Sierra) and Affinivax Inc. (Affinivax) which were acquired in Q3 2022 and BELLUS Health Inc. acquired in Q2 2023.

### Transaction-related adjustments

Transaction-related adjustments from continuing operations resulted in a net charge of £572 million (2022: £1,750 million), the majority of which related to charges/(credits) for the remeasurement of contingent consideration liabilities, the liabilities for the Pfizer put option, and Pfizer and Shionogi preferential dividends in ViiV Healthcare.

| Charge/(credit) | 2023 £m | 2022 £m |
|---|---|---|
| Contingent consideration on former Shionogi-ViiV Healthcare Joint Venture (including Shionogi preferential dividends) | 934 | 1,431 |
| ViiV Healthcare put options and Pfizer preferential dividends | (245) | 85 |
| Contingent consideration on former Novartis Vaccines business | (187) | 193 |
| Contingent consideration on acquisition of Affinivax | 44 | 17 |
| Other adjustments | 26 | 24 |
| Total transaction-related charges | 572 | 1,750 |

The £934 million charge relating to the contingent consideration for the former Shionogi-ViiV Healthcare joint venture represented an increase in the valuation of the contingent consideration due to Shionogi, driven by £534 million from updated future sales forecasts and exchange rates, and the unwind of the discount for £400 million.

The £245 million credit relating to the ViiV Healthcare put option and Pfizer preferential dividends represented a reduction in the valuation of the put option as a result of updated exchange rates, sales forecasts and cash balances. The ViiV Healthcare contingent consideration liability is fair valued under IFRS. An explanation of the accounting for the non-controlling interests in ViiV Healthcare is set out on page 84.

The £187 million credit relating to the contingent consideration on the former Novartis Vaccines business primarily relates to changes to future sales forecasts.

The £44 million charge relating to the contingent consideration on the acquisition of Affinivax primarily relates to the unwind of the discount..

### Divestments, significant legal charges and other items

Divestments, significant legal charges, and other items primarily included £200 million of net income from dividends and milestones related to investments, including £49 million of dividends received from the retained investment in Haleon plc, partly offset by £17 million fair value losses on the investment in Haleon plc. Legal charges provide for all significant legal matters, including *Zantac*, and are not broken out separately by litigation or investigation. Significant legal charges in the year primarily reflected increased legal charges for *Zantac* of which the vast majority relate to the prospective legal costs for the defence of the litigation.

## Group financial review continued

# Cash generation and conversion

A summary of the consolidated cash flow statement is set out below.

| | 2023 £m | 2022 £m |
|---|---|---|
| Total net cash inflow from operating activities | **6,768** | 7,403 |
| Total net cash (outflow) from investing activities | **(1,595)** | (8,772) |
| Total net cash inflow/(outflow) from financing activities | **(5,641)** | 823 |
| Decrease in cash and bank overdrafts | **(468)** | (546) |
| Cash and bank overdrafts at beginning of year | **3,425** | 3,819 |
| Exchange adjustments | **(99)** | 152 |
| Decrease in cash and bank overdrafts | **(468)** | (546) |
| Cash and bank overdrafts at end of year | **2,858** | 3,425 |
| Cash and bank overdrafts at end of year comprise: | | |
| Cash and cash equivalents | **2,936** | 3,723 |
| Overdrafts | **(78)** | (298) |
| | **2,858** | 3,425 |

## Reconciliation of net cash inflow from continuing operating activities to free cash inflow

A reconciliation of net cash inflow from operating activities, which is the closest equivalent IFRS measure to free cash flow, is shown below.

| | 2023 £m | 2022 £m |
|---|---|---|
| Net cash inflow from continuing operating activities | **6,768** | 6,634 |
| Purchase of property, plant and equipment | **(1,314)** | (1,143) |
| Purchase of intangible assets | **(1,030)** | (1,115) |
| Proceeds from sale of property, plant and equipment | **28** | 146 |
| Proceeds from sale of intangible assets | **12** | 196 |
| Net finance costs | **(651)** | (784) |
| Dividends and disposal proceeds from joint ventures and associates | **12** | 6 |
| Contingent consideration paid (reported in investing activities) | **(11)** | (79) |
| Contribution from non-controlling interests | **7** | 8 |
| Distributions to non-controlling interests | **(412)** | (521) |
| Free cash inflow | **3,409** | 3,348 |

## Capital expenditure and financial investment

Cash payments for tangible and intangible fixed assets amounted to £2,344 million (2022: £2,258 million) and disposals realised £40 million (2022: £342 million). Cash payments to acquire equity investments amounted to £123 million (2022: £143 million) and sales of equity investments realised £1,832 million (2022: £238 million).

## Free cash flow

Free cash flow is the amount of cash generated by the Group after meeting our obligations for contingent consideration, interest, tax and dividends paid to non-controlling interests, and after capital expenditure on property, plant and equipment and intangible assets.

| | 2023 £m | 2022 £m |
|---|---|---|
| Free cash inflow | **3,409** | 3,348 |

Total cash payments to Shionogi in relation to the ViiV Healthcare contingent consideration liability in the year were £1,106 million (2022: £1,100 million), all of which was recognised in cash flows from operating activities. These payments are deductible for tax purposes.

## Future cash flow

Over the long term, we expect that future cash generated from operations will be sufficient to fund our operating and debt servicing costs, normal levels of capital expenditure, obligations under existing licensing agreements, expenditure arising from restructuring programmes and other routine outflows including tax, pension contributions and dividends, subject to the 'Principal risks and uncertainties' discussed on pages 284 to 294. We may from time to time have additional demands for finance, such as for acquisitions. We have access to multiple sources of liquidity from short and long-term capital markets and financial institutions for such needs, in addition to the cash flow from operations.

## Group financial review continued

# Financial position and resources

| | 2023 £m | 2022 £m |
|---|---|---|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | **9,020** | 8,933 |
| Right of use assets | **937** | 687 |
| Goodwill | **6,811** | 7,046 |
| Other intangible assets | **14,768** | 14,318 |
| Investments in associates and joint ventures | **55** | 74 |
| Other investments | **1,137** | 1,467 |
| Deferred tax assets | **6,049** | 5,658 |
| Other non-current assets | **1,584** | 1,194 |
| Total non-current assets | **40,361** | 39,377 |
| Current assets | | |
| Inventories | **5,498** | 5,146 |
| Current tax recoverable | **373** | 405 |
| Trade and other receivables | **7,385** | 7,053 |
| Derivative financial instruments | **130** | 190 |
| Current equity investments | **2,204** | 4,087 |
| Liquid investments | **42** | 67 |
| Cash and cash equivalents | **2,936** | 3,723 |
| Assets held for sale | **76** | 98 |
| Total current assets | **18,644** | 20,769 |
| Total assets | **59,005** | 60,146 |
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | **(2,813)** | (3,952) |
| Contingent consideration liabilities | **(1,053)** | (1,289) |
| Trade and other payables | **(15,844)** | (16,263) |
| Derivative financial instruments | **(114)** | (183) |
| Current tax payable | **(500)** | (471) |
| Short-term provisions | **(744)** | (652) |
| Total current liabilities | **(21,068)** | (22,810) |
| Non-current liabilities | | |
| Long-term borrowings | **(15,205)** | (17,035) |
| Corporation tax payable | **(75)** | (127) |
| Deferred tax liabilities | **(311)** | (289) |
| Pensions and other post-employment benefits | **(2,340)** | (2,579) |
| Other provisions | **(495)** | (532) |
| Contingent consideration liabilities | **(5,609)** | (5,779) |
| Other non-current liabilities | **(1,107)** | (899) |
| Total non-current liabilities | **(25,142)** | (27,240) |
| Total liabilities | **(46,210)** | (50,050) |
| Net assets | **12,795** | 10,096 |
| Total equity | **12,795** | 10,096 |

## Property, plant and equipment

Our business is science-based, technology-intensive and highly regulated by governmental authorities. We allocate significant financial resources to the renewal and maintenance of our property, plant, equipment and vehicles to minimise risks of interruption to production and to ensure compliance with regulatory standards. A number of our processes use hazardous materials.

The total cost of our property, plant and equipment at 31 December 2023 was £19,279 million, with a net book value of £9,020 million. Of this, land and buildings represented £2,895 million, plant, equipment and vehicles £4,033 million and assets in construction £2,092 million. In 2023, we invested £1,295 million in new property, plant and equipment. This was mainly related to a large number of projects for the renewal, improvement and expansion of facilities at various worldwide sites to support new product development and launches as well as to improve the efficiency of existing supply chains. Property is mainly held freehold. New investment is financed from our liquid resources. At 31 December 2023, we had contractual commitments for future capital expenditure of £762 million. We believe that our property and plant facilities are adequate for our current requirements.

## Right of use assets

Right of use assets amounted to £937 million at 31 December 2023 compared with £687 million at 31 December 2022. The increase in the year reflected the impact of additions through business combinations of £1 million and other additions of £499 million partly offset by depreciation of £190 million, disposals and impairments amounting to £30 million.

## Goodwill

Goodwill decreased to £6,811 million at 31 December 2023, from £7,046 million primarily as a result of an exchange rate loss of £313 million, partially offset by an increase of £109 million from acquisitions-related transactions.

## Other intangible assets

Other intangible assets include the cost of intangibles acquired from third parties and computer software. The net book value of other intangible assets as at 31 December 2023 was £14,768 million (2022: £14,318 million). The increase primarily reflected additions, net of disposals and write-offs of £2,476 million partly offset by impairment losses, net of reversals and amortisation of £1,630 million and exchange rate losses of £431 million.