



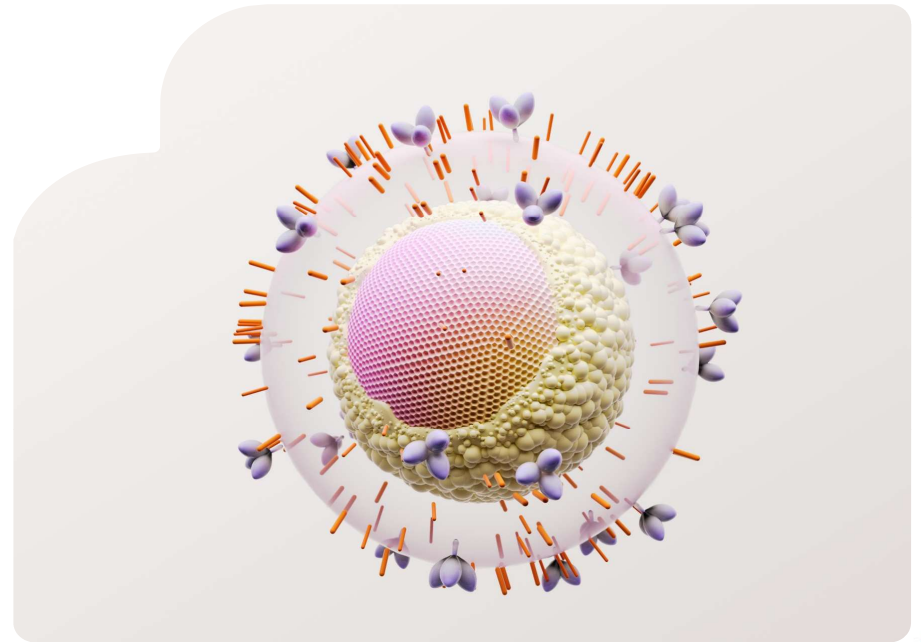
C&C Process optimization

How we drive efficiencies and business value in SOX regulated environment

C&C Process optimization

How to drive efficiencies and business value in SOX regulated environment

- Who we are
- Sox environment enhancement
- Focus on judgment in BSR process





Who we are



Confidential



Our purpose



**We unite science, technology and talent
to get ahead of disease together**

for health impact + shareholder returns +
thriving people





SOX environment enhancement

Our Journey to enhanced SOX compliance



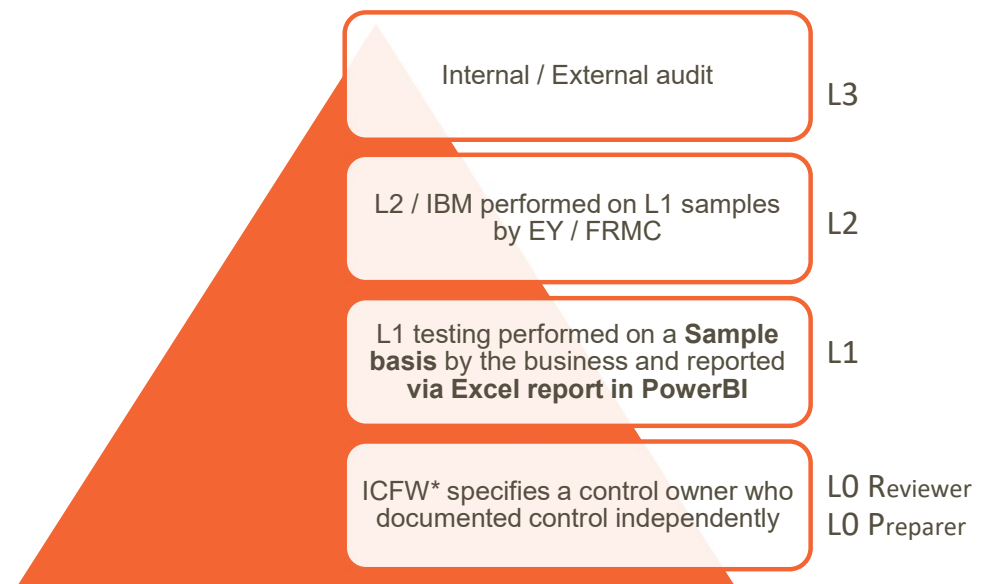
GSK control model



IIA three lines of defense model



GSK model

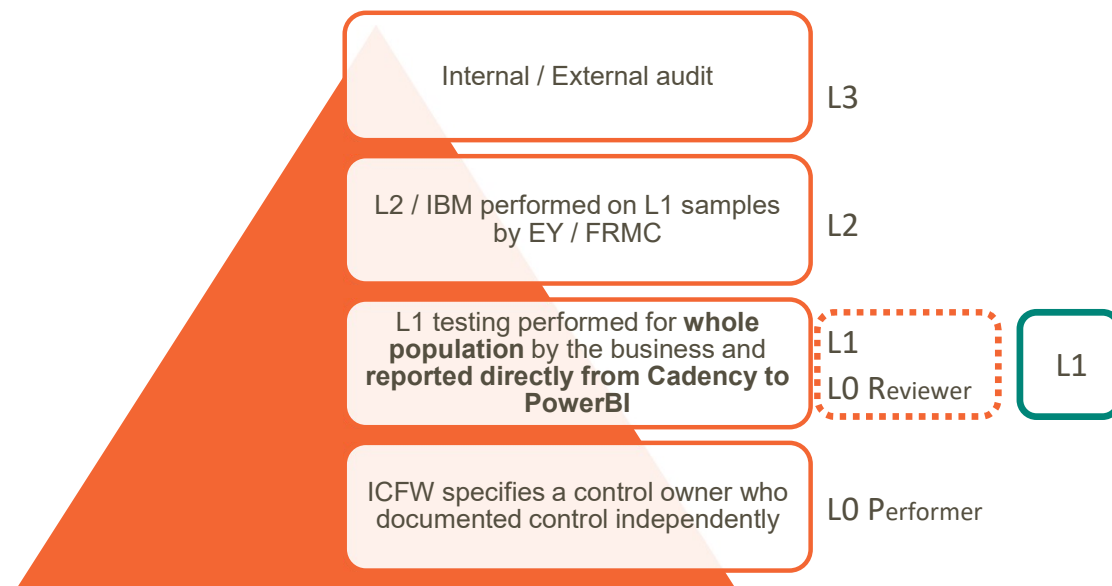
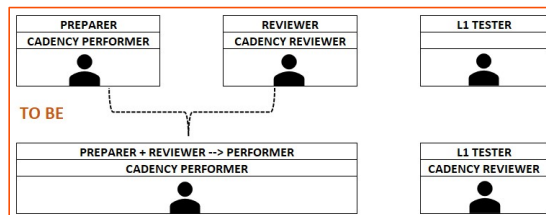


*ICFW – Internal Control Framework

Enhanced GSK control model



- Key changes
 - **Combined** L0R and L1
 - **100% population tested** under new L1 Management Monitoring (no more judgmental selection)
 - **All controls** results' monitored in and reported out of **Cadency**
 - **Leverage and align system roles** with control's framework



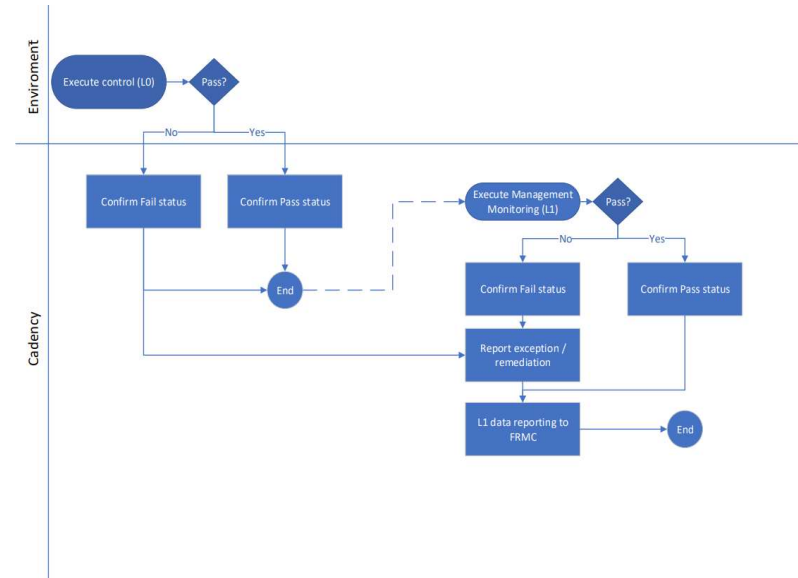
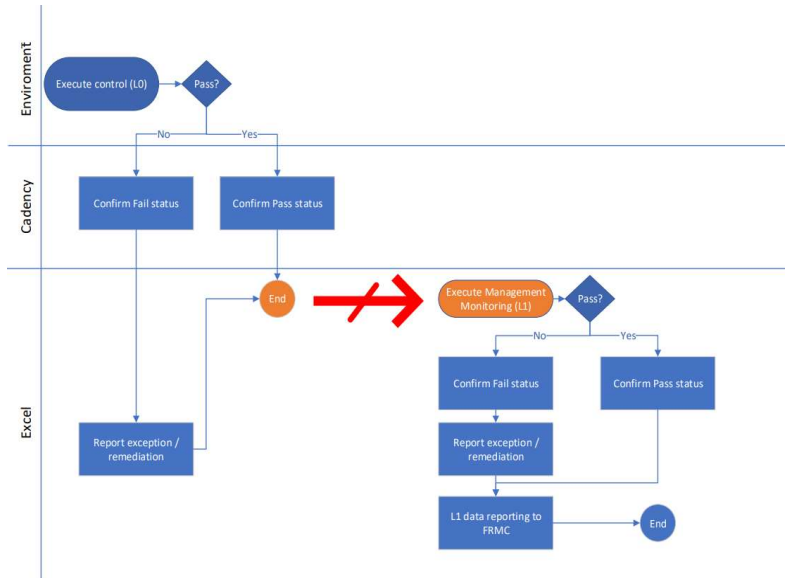
Benefits



- All controls' **statuses** (Pass / Failed / Exception / Remediation) are **submitted in Cadency**
 - **Increased automation** (workflows) which benefits in increased productivity and improved quality.
 - **Simplified process** flows as all activities are focused in one application
 - **Integrated** control's status reporting to external tools (PowerBI)
 - **Single point of reference** for L2 / IBM & External Audit
- **Improved accountability** for entities' control environment – Teams involved in both control execution and L1 Testing (100% population).
- **Workload reduction** with less people engaged in the process (removal of currently dedicated L1 Testers and assignment of Control Reviewers to this role).
- **Global WoW** that will be scaled up for whole finance (P2P, O2C, Tax, Treasury)



Cadency utilization – process landscape simplification



Since

- new L1 MM covers 100% of the controls' population
- Cadency Reviewer is assigned as L1 Tester

L0 and L1 exception & remediation processes have been combined into one Cadency workflow (in which FRMC/Control Owner/L1 Tester are involved).



Judgment focused BSR process

Our Journey to focus on judgement in BSR process



Performance Tracking

- Monitor matching success ratio (% of matched items, % of approved proposals)
- ARR on solution design



Definition & Planning

- Define scope - 1 Control – 16 GL accounts (Suspense)
- Unify CoA MD and activate OIM functionality
- Define IT landscape, system functionalities and integration – SAP, ReconNet & Cadency AI/ML platform



Project Closure

- Define roll out scenario for extended groups of accounts (accrual, provision, GRIR)



Execution

- Identify and implement SAP's reconciliation rules (exact match)
- Build interface SAP-> Cadency to transfer Open Item's details
- Implement new reconciliation template to utilise Open Item information
- Apply AI/ML functionalities (NLP) to match items based on probability



Concept & Initiation

- Enhance BSR process by eliminate manual work and focus on judgment in the process
- Leverage tools and technologies in GSK landscape
- Integrate systems to enhance reporting and analytical capabilities



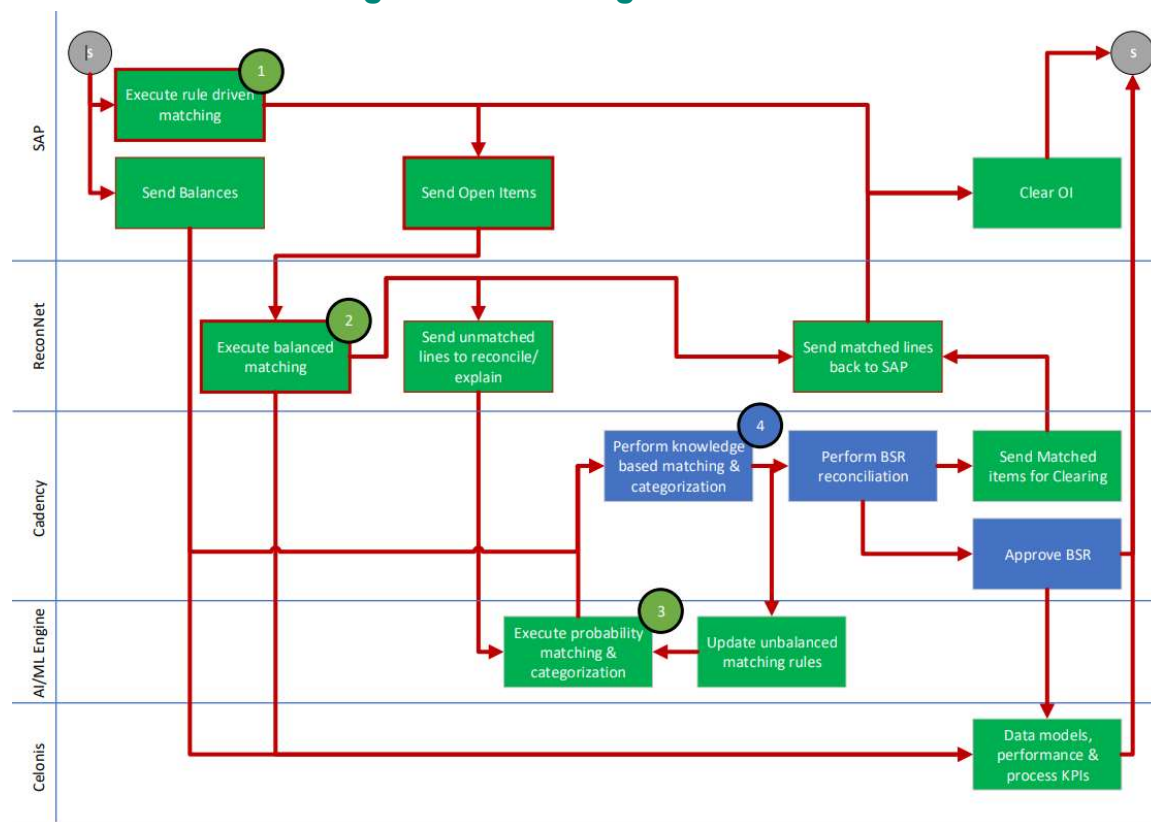


Elimination of non-judgmental activities

Use integrated platforms to apply AI/ML and focus users on high value adding activities

Build integration at Open Item level

- 1 65% of OI matched in source system (exact match)
- 2 4% of OI covered with additional rules with extended parameters
- 3 25% of remaining population of OI cleared with probability matching (AI/ML)*
- 4 Remaining OI requires today manual treatment and judgment

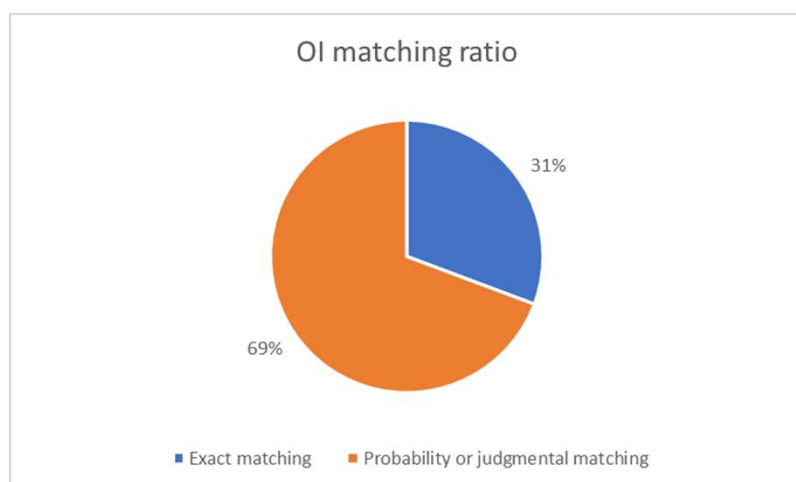


* AI/ML is under development with additional patterns being identified

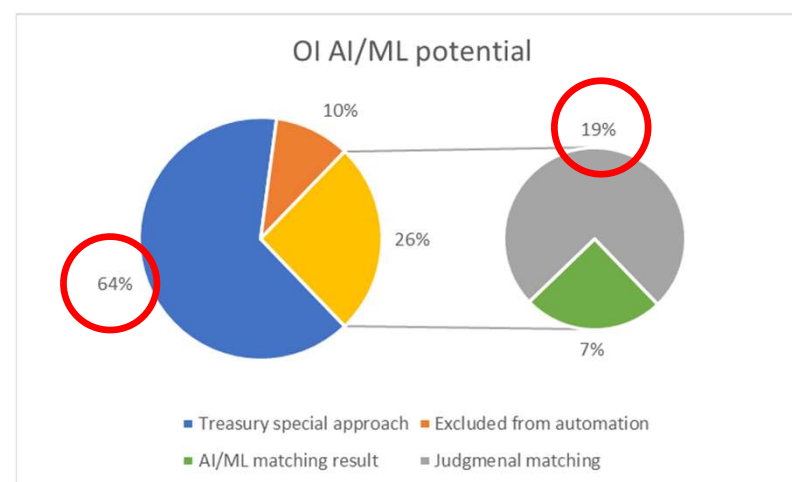
Our automation outcome

- 1 SOX control – suspense accounts with strict rules on OI aging
- 16 GL accounts
- 300 Company codes
- 827 k Open Items impacted

SAP directly



ReconNet / AI/ML*



* AI/ML is under development with additional patterns being identified



Appendix

Overview of Finance organisation



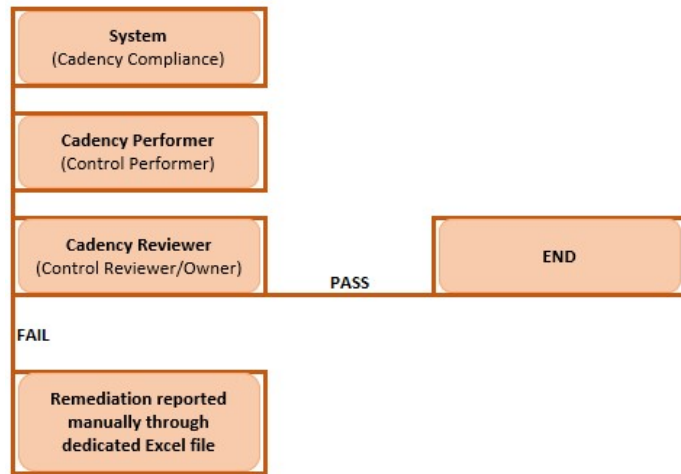
C&C activities are mainly performed in GSK Finance Hubs and Operation Centres



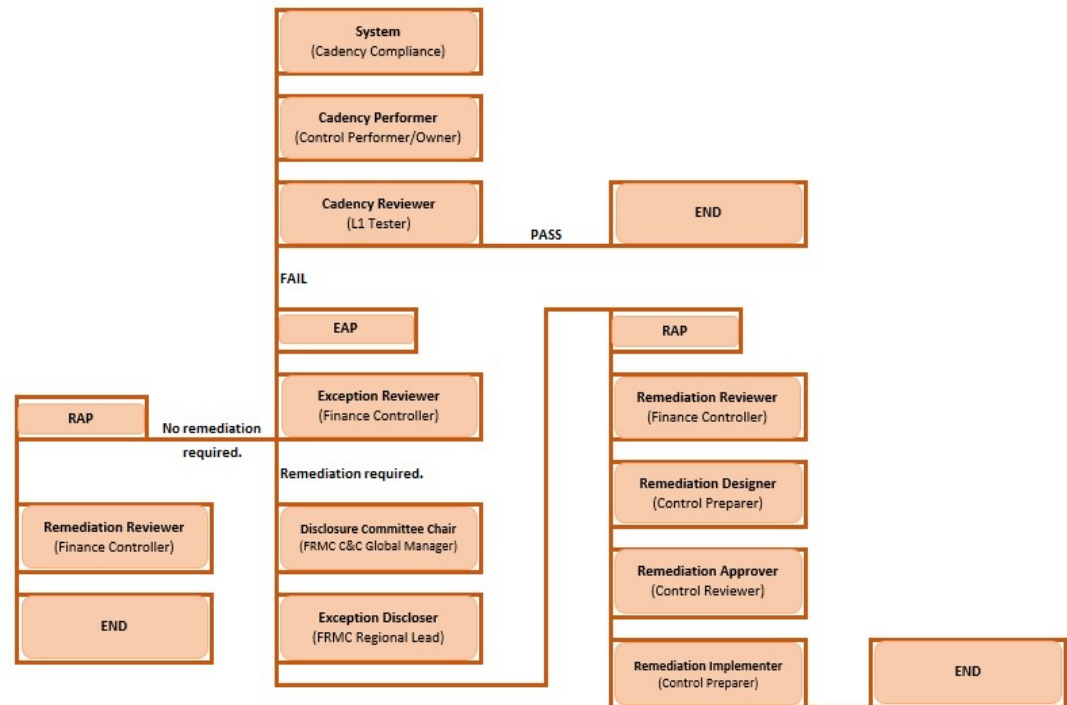
Cadency utilisation – system workflow for control status



Cadency Compliance workflow - mandatory steps: AS IS



Cadency Compliance workflow - mandatory steps: TO BE



Currently L1 Management Monitoring testing is performed outside the system – Excel file is completed and sent to FRMC.