2020 Remuneration policy summary

Remuneration policy review

Our current Remuneration policy (policy) was approved by our shareholders at our Annual General Meeting on 4 May 2017 receiving a 95.2% vote in favour. As required under the Remuneration regulations, shareholders are being asked to approve a new policy at our Annual General Meeting on 6 May 2020, which it is intended will apply for the next three years.

During 2019, the Committee considered the policy. The decision-making process that the Committee followed for its determination, review and implementation of the proposed new policy is set out in the Committee Chair’s statement on pages 116 and 117.

The Committee’s review of the policy sought to ensure that it continues to:

- Be aligned with the company’s business priorities, culture shift, wider workforce pay policies and emerging best practice;
- Create shareholder value; and
- Drive the success of the company for the benefit of patients, customers and other key stakeholders.

In addition, changes to the policy have been made to ensure its implementation will support the delivery of business strategy whilst delivering a clear, understandable and appropriately competitive package to attract, retain and motivate executive talent.

The Committee developed the new policy for Executive and Non-Executive Directors in the context of its oversight of wider workforce pay, however, it did not consult with employees on the new policy. It consulted with our largest shareholders in respect of the proposed changes and took shareholders’ feedback into account when finalising the new policy.

The table below provides an overview of the main changes that are proposed in respect of the new policy. The full policy that shareholders are asked to approve is set out on pages 141 to 150.

<table>
<thead>
<tr>
<th>Remuneration element</th>
<th>Proposed changes to policy</th>
<th>Rationale for the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
<td>Any new Executive Director will receive a pension aligned to the broader workforce. Contribution levels for the current UK Executive Directors will be similarly aligned from January 2023.</td>
<td>Alignment with shareholders: Alignment with the 2018 Code and emerging market practice.</td>
</tr>
<tr>
<td>Extension to post cessation share ownership requirements</td>
<td>50% of SOR for Executive Directors to be held for the second year post cessation of role.</td>
<td>Alignment with shareholders: Alignment with the 2018 Code and emerging market practice.</td>
</tr>
<tr>
<td>LTI Quantum</td>
<td>A reduction in the maximum award level permitted (to 600%) and an increase in the award level to be applied in the case of the CEO (to 875%).</td>
<td>Pay for performance: We received feedback from some shareholders that the maximum award level permitted under the policy should be reduced from the previous 650%. The increase in the target award to the CEO reflects strong performance in the role by Emma Walmsley since her appointment in April 2017.</td>
</tr>
<tr>
<td>Malus and Clawback</td>
<td>The definition of a triggering event is expanded to include material misstatement of results and serious reputational damage.</td>
<td>Alignment with market practice: It has become more common for FTSE 100 companies to apply a broader definition of a triggering event.</td>
</tr>
<tr>
<td>Loss of office payment policy</td>
<td>The 20 years’ service condition for ‘termination by mutual agreement’ has been removed.</td>
<td>Simplification and flexibility: To simplify the policy and to allow greater flexibility for the Board to manage succession proactively.</td>
</tr>
<tr>
<td>Non-Executive Directors’ fees</td>
<td>Introduction of a fee (£40,000 for 2020) for the designated Workforce Engagement Director with effect from 1 January 2020. Authority is also sought for a Non-Executive Director (other than the Chairman) to be remunerated up to the amount paid to Committee Chairs (£240,000 for 2020) for undertaking additional duties in exceptional or unforeseen circumstances requiring a significant additional time commitment. Non-Executive Directors will continue to be required to invest at least 25% of their total net fees in shares or ADS of the company.</td>
<td>Compensation for additional duties: To reflect the work involved in carrying out this new role which is equivalent to that of a Committee Chair. To appropriately remunerate Non-Executive Directors for their work. Simplification and alignment with shareholders: To allow the direct reinvestment of fees into shares or ADS.</td>
</tr>
</tbody>
</table>
## Remuneration policy report

### Future policy table

Subject to shareholder approval at the company’s Annual General Meeting on 6 May 2020, the Remuneration policy for each remuneration element will be as outlined in the table below.

<table>
<thead>
<tr>
<th>Salary</th>
<th>No change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose and link to strategy</strong></td>
<td>To provide a core reward for the role. The policy is intended to attract and retain high calibre individuals needed to deliver the Group’s strategic priorities.</td>
</tr>
<tr>
<td><strong>Operation</strong></td>
<td>Individual’s role, experience, performance and independently sourced data for relevant comparator groups considered when determining salary levels.</td>
</tr>
<tr>
<td></td>
<td>Salary increases typically take effect in the first quarter of each year.</td>
</tr>
<tr>
<td></td>
<td>Salaries are normally paid in the currency of the Executive Director’s home country.</td>
</tr>
<tr>
<td><strong>Performance measures</strong></td>
<td>The overall performance of the individual is a key consideration when determining salary increases.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits</th>
<th>No change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose and link to strategy</strong></td>
<td>Levels are set to recruit and retain high calibre individuals to execute the business strategy.</td>
</tr>
<tr>
<td><strong>Operation</strong></td>
<td>Executive Directors are eligible to receive benefits in line with the policy for other employees which may vary by location. These include, but are not limited to, car allowances, healthcare, life assurance/death in service (where not provided as part of the individual’s pension arrangements), personal financial advice and contractual post-retirement benefits. In line with the policy for other employees, Executive Directors may be eligible to receive overseas relocation allowances and international transfer-related benefits when required. Executive Directors in the UK are also eligible to participate in all-employee share schemes (e.g. Share Save and Share Reward Plan), under which they are subject to the same terms as all other employees. In order to recognise the high business travel requirements of the role, Executive Directors are also entitled to car travel and exceptionally may be accompanied by their spouse/partner on business trips. Other benefits include expenses incurred in the ordinary course of business, which are deemed to be taxable benefits on the individual.</td>
</tr>
<tr>
<td><strong>Opportunity</strong></td>
<td>Where an Executive Director is based outside the UK, but is required to travel to the UK to fulfil the responsibilities of their role and to attend Board Meetings, they may be subject to tax on their business travel expenses to and from the UK and on the provision of any accommodation in the UK. Although in reality it represents a business expense, the tax treatment requires that their travel and accommodation expenses are then included as benefits. Because of the business context, the tax liabilities will be covered by the company on a grossed-up basis. Benefit provision is tailored to reflect market practice in the geography in which the Executive Director is based and different policies may apply if current or future Executive Directors are based in a different country.</td>
</tr>
<tr>
<td><strong>Performance measure</strong></td>
<td>None</td>
</tr>
</tbody>
</table>
### Remuneration policy report continued

#### Future policy table continued

<table>
<thead>
<tr>
<th><strong>Pension</strong></th>
<th><strong>Change</strong></th>
</tr>
</thead>
</table>

**Purpose and link to strategy**
Pension arrangements provide a competitive level of retirement income.

**Operation**
Pension arrangements are structured in accordance with the plans operated in the country in which the individual is likely to retire. Where the individual chooses not to become a member of the pension plan, cash in lieu of the relevant pension contribution is paid instead. Executive Directors in the UK are entitled either to join the defined contribution pension plan or to receive a cash payment in lieu of pension contribution.

Where an individual is a member of a GSK legacy defined benefit plan, a defined contribution plan or an alternative pension plan arrangement and is subsequently appointed to the Board, he or she may remain a member of that plan.

**Opportunity**
The policy for all current Executive Directors is:

**UK:**
- 20% of base salary contribution to defined contribution plan and further 5% in matched contributions subject to any relevant cap and in line with implementation principles for other members of the plan; and
- 20% of base salary as a cash payment in lieu of pension contribution for the portion above the relevant cap; or
- 20% of base salary as a cash payment in lieu of pension contribution.

From 1 January 2023, any current UK Executive Directors who are still in role will have their pension arrangements aligned to new Executive Directors’ arrangements as follows.

Any new Executive Directors in the UK will receive from date of appointment:
- 7% of base salary contribution to defined contribution plan and further 3% in matched contributions subject to any relevant cap and in line with implementation principles for other members of the plan; and
- 7% of base salary as a cash payment in lieu of pension contribution for the portion above the relevant cap; or
- 7% of base salary as a cash payment in lieu of pension contribution.

**US**:
- Cash Balance and Supplemental Cash Balance pension plans, providing annual contributions of 38% of base salary, split between the two plans as appropriate.
- GSK 401(k) plan and the Executive Supplemental Savings Plan (ESSP) with core contributions of 2% of salary and bonus and matched contributions of 4% of salary and bonus.

Any new Executive Directors in the US will receive:
- Cash Balance and Supplemental Cash Balance pension plans, providing annual contributions of 5% of base salary and bonus, split between the two plans as appropriate.
- GSK 401(k) plan and the ESSP with core contributions of 2% of salary and bonus and matched contributions of 4% of salary and bonus.

**Global:**
- Eligible for appropriate equivalent arrangement not in excess of the US/UK arrangements.

**Performance measures**
None.

(1) In the event of any change to the plans operated in the US, a similar value would be provided under any successor arrangements introduced within the market.

(2) Less bonus deferred under the DABP.

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<table>
<thead>
<tr>
<th><strong>Annual bonus</strong></th>
<th><strong>No change</strong></th>
</tr>
</thead>
</table>

**Purpose and link to strategy**
To incentivise and recognise execution of the business strategy on an annual basis.

Rewards the achievement of stretching annual financial and strategic business targets and delivery of personal objectives.

**Operation**
Financial, operational and business targets are set at the start of the year by the Committee and bonus levels are determined by the Committee based on performance against those targets.

Individual objectives are set at the start of the year by the Committee and performance against those objectives is assessed by the Committee.

Executive Directors are required to defer 50% of any bonus earned into shares, or ADS as appropriate, for three years. Deferred bonus shares are eligible for dividend equivalents up to the date of vesting.

The Committee may apply judgement in making appropriate adjustments to bonus outcomes to ensure they reflect underlying business performance. Clawback and/or malus provisions apply as described on page 144.

**Opportunity**
The maximum bonus opportunity for Executive Directors is 200% of salary. For threshold performance, the bonus pay-out on the financial measure will be nil. For target performance, the bonus payout will be 50% of the maximum opportunity.

**Performance measures**
Based on a combination of financial targets and individual/strategic performance objectives, with the majority of the bonus assessed against the financial measures. The weighting between different measures will be determined each year according to business priorities. Further details, including the measures to be used in the financial year, are provided in the Annual report on remuneration.
Remuneration policy report continued

Selection of annual bonus measures
The annual bonus is designed to drive the achievement of GSK's annual financial and strategic business targets and the delivery of personal objectives.

The annual bonus financial targets are set by reference to internal budget and external consensus targets.

The majority of the annual bonus opportunity is based on a formal review of performance against stretching financial targets with the remainder of the bonus subject to a balanced scorecard of strategic and individual targets which are aligned to the company's key objectives for that financial year.

Performance Share Plan (PSP)

Purpose and link to strategy
To incentivise and recognise delivery of the longer term business priorities, financial growth and increases in shareholder value compared to other pharmaceutical companies.

In addition, to provide alignment with shareholder interests, a retention element, to encourage long-term shareholding and discourage excessive risk taking.

Operation
Conditional awards are made annually with vesting dependent on the achievement of performance conditions over three years and are subject to an additional two-year holding period. PSP targets are set by reference to internal budget and external consensus targets.

Awards are eligible for dividend equivalents up to the date of vesting and release.

The Committee may adjust the formulaic vesting outcome (either up or down) to ensure that the overall outcome reflects underlying business performance over the vesting period.

Clawback and/or malus provisions apply as described on page 144.

Opportunity
The normal maximum award limits that may be granted under the PSP to an individual in any one year are set out in the table below:

<table>
<thead>
<tr>
<th>% of salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
</tr>
<tr>
<td>CFO</td>
</tr>
<tr>
<td>Other Executive Directors</td>
</tr>
</tbody>
</table>

Performance measures
Based on a combination of financial, share price related and strategic performance conditions which are aligned to the company's strategic plan. For all measures*, 25% of awards will vest at threshold performance. Further details, including the performance targets attached to the PSP in respect of each year, and the weightings of the targets for the 2020 PSP awards are provided in the Annual report on remuneration.

* We announced in the 2018 Annual Report, that we were reducing the threshold vesting level for our TSR measure to 25%, in order to align it with our other performance measures.

Selection of long-term incentive measures
The Committee selects performance measures which focus Executive Directors’ long-term remuneration on the delivery of GSK’s key strategic priorities over the longer term. In addition to setting robust targets, the Committee has implemented a number of safeguards to ensure the targets are met in a sustainable way and performance reflects genuine achievement against targets and therefore represents the delivery of value for shareholders.

For each performance measure, the impact of any acquisition or divestment will be quantified and adjusted for after the event.

Any major adjustment in the calculation of performance measures will be disclosed to shareholders on vesting. The Audit & Risk Committee chair and other members, who are also members of the Remuneration Committee, provide input on the Audit & Risk Committee’s review of the Group’s performance and oversight of any risk factors relevant to remuneration decisions.

Details of the rationale behind the performance measures selected and how they are calculated are set out in the Annual report on remuneration.

Share Ownership Requirements

To align the interests of Executive Directors with those of shareholders, they are required to build and maintain significant holdings of shares in GSK over time. The requirements for each Executive Director are as follows:

<table>
<thead>
<tr>
<th>% salary</th>
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</thead>
<tbody>
<tr>
<td>CEO</td>
</tr>
<tr>
<td>Other Executive Directors</td>
</tr>
</tbody>
</table>

As a minimum, Executive Directors are required to maintain 100% of their share ownership requirements to the end of the first year following retirement from the company and 50% to the end of the second year.
In the event of a ‘triggering event’ (i.e. significant misconduct by way of violation of regulation, law, a significant GSK policy, such as the Code of Conduct, or a material misstatement of results, or serious reputational damage), the company will have the ability to claw back up to three years’ annual and deferred bonuses as well as vested and unvested LTIs. In addition, in respect of PSP awards made from 2020, if a participant is subject to an investigation, then the vesting of their awards may be delayed until the outcome of that investigation.

A separate Recoupment Committee has been established to investigate relevant claims of misconduct. The Recoupment Committee exercises this authority for the wider employee base. It comprises of senior executives with relevant oversight and appropriate experience, including the Senior Vice President, Global Ethics and Compliance, and the Senior Vice President & General Counsel.

In respect of each financial year, the Remuneration Committee will disclose whether it (or the Recoupment Committee) has exercised clawback or malus. Disclosure will only be made when the matter has been subject to public reports of misconduct, where it has been fully resolved, where it is legally permissible to disclose and where it can be made without unduly prejudicing the company and therefore shareholders.

Additionally, where there has been continuity of responsibility between initiation of an adverse event and its emergence as a problem, the adverse event should be taken into account in assessing annual bonus awards and LTI vesting levels in the year the problem is identified and for future periods. The Remuneration Committee (or Recoupment Committee) may make appropriate adjustments to individual annual bonuses as well as grant and vesting levels of LTI awards to reflect this.

### Clawback and malus

In the event of a ‘triggering event’ (i.e. significant misconduct by way of violation of regulation, law, a significant GSK policy, such as the Code of Conduct, or a material misstatement of results, or serious reputational damage), the company will have the ability to claw back up to three years’ annual and deferred bonuses as well as vested and unvested LTIs. In addition, in respect of PSP awards made from 2020, if a participant is subject to an investigation, then the vesting of their awards may be delayed until the outcome of that investigation.

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### Approach to recruitment remuneration

The Committee determines the remuneration package of new Executive Directors on a case-by-case basis depending on the role, the market from which they will operate and their experience. Total remuneration levels will be set by reference to a relevant pay comparator group and, where appropriate, will allow for future development in the role.

It is expected that new Executive Directors will participate in short and long-term incentive plans on the same basis as existing directors. However, in exceptional circumstances, the Committee reserves the flexibility to set the incentive limit for a new Executive Director at up to an additional 50% of the existing limits.

The Committee retains this flexibility in recognition of the high levels of variable pay in GSK’s global pharmaceutical competitors. However, the Committee will only use this flexibility when it is considered to be in the best interests of the company and its investors.

Pension arrangements for any external recruit as an Executive Director will be as set out in the Remuneration policy table on page 142.

Other benefits will be provided in line with the policy for existing Executive Directors.

Where required to meet business needs, relocation support will be provided in line with company policy.

For any internal appointments, entitlements under existing remuneration elements will continue, including pension entitlements and any outstanding awards. However, where not already the case, internal appointments will be required to move to Executive Director contractual terms, including termination provisions.

The Committee is mindful of the sensitivity relating to recruitment packages and, in particular, the ‘buying out’ of rights relating to previous employment. It will therefore seek to minimise such arrangements. However, in certain circumstances, to enable the recruitment of exceptional talent, the Committee may determine that such arrangements are in the best interests of the company and its shareholders. Such arrangements will, where possible, be on a like-for-like basis with the forfeited remuneration terms. Arrangements will therefore vary depending on the plans and arrangements put in place by the previous employer and may be in the form of cash or shares and may or may not be subject to performance conditions. Explanations will be provided where payments are made as compensation for previous remuneration forfeited.

The remuneration arrangements for any newly appointed Executive Director will be disclosed as soon as practicable after the appointment.
Remuneration policy report continued

**Future policy table continued**

<table>
<thead>
<tr>
<th><strong>Loss of office payment policy</strong></th>
<th><strong>Change</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The company does not have a policy of fixed term contracts. Generally, contracts for new appointments will expire in line with the applicable policy on retirement age, which since 2009 has been 65. Contracts for existing Executive Directors will expire on the dates shown on page 128.</td>
<td>Notice period on termination by the employing company or the Executive Director is 12 calendar months. The ability to impose a 12-month non-compete period (and a non-solicitation restriction) on an Executive Director is considered important by the company to have the ability to protect the Group’s intellectual property and staff. In light of this, the Committee believes that it would not be appropriate to provide for mitigation in the contracts.</td>
</tr>
</tbody>
</table>

**Termination of employment**

In the event that an Executive Director’s employment with the company terminates, the following policies and payments will apply.

<table>
<thead>
<tr>
<th>Element of Remuneration</th>
<th>Loss of office payment policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Termination payment</strong></td>
<td><strong>Termination by notice:</strong> 12 months’ annual salary payable on termination by the company (pro-rated where part of the notice period is worked). No termination payment is made in respect of any part of a notice period that extends beyond the contract expiry date. A bonus element is not normally included in the termination payment. However, the terms of the contracts seek to balance commercial imperatives and best practice. <strong>Redundancy:</strong> As above, for termination by notice. In the UK, only statutory redundancy pay will apply. In the US, general severance policy does not apply. <strong>Retirement, death and ill-health, injury or disability:</strong> No termination payment.</td>
</tr>
<tr>
<td><strong>LTI awards</strong></td>
<td>PSP awards are governed by the plan rules as approved by shareholders. The following provisions will normally apply: <strong>Termination by notice:</strong> Unvested awards will lapse. <strong>Redundancy, retirement, death, ill-health, injury, disability or any other reason:</strong> Generally, awards will continue to vest over the original timescales subject to performance and pro-rated for time. In the event of a change of control, PSP awards will vest, taking into account performance to date and normally taking into account the proportion of the performance period that has elapsed. Alternatively, the awards may be exchanged for new awards.</td>
</tr>
<tr>
<td><strong>Annual bonus</strong></td>
<td><strong>Termination by notice by individual:</strong> If an individual serves notice and the termination date falls before 31 December, the bonus is forfeited. <strong>Termination by notice by the company, redundancy, retirement, death, ill-health, injury or disability:</strong> If the termination date falls during the financial year, eligible for pro-rated on-target bonus (if employed on 31 December, bonus payable based on actual results).</td>
</tr>
<tr>
<td><strong>Mandatory deferred bonus under the DABP</strong></td>
<td>DABP deferred bonus awards in respect of mandatorily deferred bonus amounts are governed by the plan rules as approved by shareholders. The following provisions will normally apply: <strong>Termination for gross misconduct:</strong> Generally, unvested awards will lapse. <strong>Any other reason:</strong> Generally, awards will vest in full on the original vesting date. In the event of a change of control, awards will vest or may be exchanged for new awards.</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Generally, benefits will continue to apply until the termination date. The Committee may make payments in connection with an existing legal obligation or in respect of any claim related to the cessation of employment. This may include fees for outplacement assistance, legal and/or professional advice. <strong>Termination by notice by the company and retirement (US executives):</strong> In line with the policy applicable to US senior executives, they may become eligible, at a future date, to receive continuing medical and dental insurance after termination/retirement.</td>
</tr>
</tbody>
</table>

**Termination by mutual agreement**

In certain circumstances, it can be in the best interests of the company for the Board to manage proactively succession planning and the development of the senior talent pipeline. In such circumstances, the Board may therefore agree that an Executive’s departure will be by mutual agreement. In order for this to apply, the Committee will need to be satisfied that the Executive has demonstrated performance in line with expectations and where required they should have contributed to an orderly succession. In the case of an Executive Director, they would then be treated as a ‘good leaver’ for the purposes of GSK’s long-term incentive plans. If the termination date falls during the financial year, they would be eligible for a pro-rated on-target bonus and if they are employed on 31 December, the bonus payable would be based on actual results.
Remuneration policy report continued

Loss of office payment policy continued

The Committee does not anticipate the exercise of discretion provided by the PSP and DABP plan rules in respect of termination payments in a manner which would benefit an Executive Director. However, there may be unforeseen circumstances where this is in the best interests of the company and its shareholders. Where it is necessary to exercise discretion, explanations will be provided.

Where an Executive Director leaves the company, the Committee will carry out an assessment of the individual’s performance and conduct over the time in role. If it is determined that the individual’s performance or conduct was contrary to the legitimate expectations of the company, the Committee reserves the right to apply appropriate mechanisms such as clawback or reduction or lapsing of outstanding incentive awards (malus), to ensure that any termination payments are in the best interests of the company and its shareholders (see page 144).

Differences between remuneration policy for Executive Directors and other employees

When setting remuneration levels for the Executive Directors, the Committee considers the prevailing market conditions, the competitive environment (through comparison with the remuneration of executives at companies of similar size, complexity and international reach) and the positioning and relativities of pay and employment conditions across the broader GSK workforce.

In particular, the Committee considers the range of base salary rises for the workforces of those parts of GSK where the Executive Directors are employed. This is considered to be the most relevant comparison as these populations reflect most closely the economic environments encountered by the individuals. The same principles apply to the Remuneration policy for Executive Directors and other employees although the remuneration offered to Executive Directors under this policy has a stronger emphasis on performance-related pay than that offered to other employees of the Group.

- Salary and benefits (including pension) are tailored to the local market.
- The annual bonus plan applies to the wider employee population and is based on business performance.
- A combination of performance-related and restricted share plans apply to the wider employee population.
- All-employee share plans are available to employees in the UK, including the HM Revenue & Customs approved UK Share Save and Share Reward Plans.

While employees are not formally consulted in respect of the Remuneration policy, Urs Rohner, the Committee Chair, meets with senior HR representatives from across the business to review employee feedback. Dr Vivienne Cox, an Independent Non-Executive Director, engages with employees on various topics, including remuneration, in her role as Workforce Engagement Director.

In the wider organisation, we have aligned our performance and reward systems with our Innovation, Performance and Trust priorities and our Values and Expectations. Our performance system evaluates employees on both ‘what’ they need to do and ‘how’ they do it. Also, for our most senior people we disincentivise unethical working practices using a clawback mechanism that allows us to recover performance-related pay.
Scenarios for future total remuneration

The charts opposite provide illustrations of the future total remuneration for each of the Executive Directors in respect of the remuneration opportunity granted to each of them in 2020 under the proposed new 2020 policy. A range of potential outcomes is provided for each Executive Director and the underlying assumptions are set out below.

All scenarios:
- 2020 base salary has been used.
- 2019 benefits figures have been used, i.e. based on actual amounts received in 2019, and for Hal Barron the 2019 pension figures.
- Pension for Emma Walmsley and Iain Mackay are based upon their 2020 salaries.
- The amounts shown under value of PSP awards are based upon the relevant multiples for 2020, including the proposed uplift to Emma Walmsley (575% of salary). They do not include amounts in respect of dividends reinvested and do not factor in changes in share price over the vesting period (except as described below).

Fixed:
- Excludes Pay for performance, i.e. no Annual bonus would be paid and PSP awards would not vest.

Expected:
- Includes Fixed pay.
- For the Annual bonus, it is assumed that target performance is achieved.
- For PSP awards, amounts reflect 50% vesting levels.

Maximum:
- It is assumed that the Annual bonus would be payable at the maximum level and that the awards under the PSP would vest in full.

Maximum with 50% share price increase:
- All elements are the same as Maximum but assuming a 50% increase in share price.

Emma Walmsley (£000)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Fixed</th>
<th>Expected</th>
<th>Maximum</th>
<th>Maximum with share price increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1.63m</td>
<td>100%</td>
<td>26%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>£6.28m</td>
<td></td>
<td>55%</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td>£10.93m</td>
<td></td>
<td>63%</td>
<td>48%</td>
<td></td>
</tr>
</tbody>
</table>

Iain Mackay(1) (£000)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Fixed</th>
<th>Expected</th>
<th>Maximum</th>
<th>Maximum with share price increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1.19m</td>
<td>100%</td>
<td>23%</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>£3.80m</td>
<td></td>
<td>46%</td>
<td>27%</td>
<td>21%</td>
</tr>
<tr>
<td>£6.41m</td>
<td></td>
<td>54%</td>
<td>43%</td>
<td></td>
</tr>
</tbody>
</table>

Dr Hal Barron ($000)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Fixed</th>
<th>Expected</th>
<th>Maximum</th>
<th>Maximum with share price increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.70m</td>
<td>100%</td>
<td>37%</td>
<td>23%</td>
<td>18%</td>
</tr>
<tr>
<td>$9.95m</td>
<td></td>
<td>45%</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>$16.21m</td>
<td></td>
<td>54%</td>
<td>49%</td>
<td></td>
</tr>
</tbody>
</table>

Maximum with 50% share price increase:
- All elements are the same as Maximum but assuming a 50% increase in share price.

(1) Appointed with effect from 14 January 2019.
Remuneration policy report continued

Non-Executive Director remuneration policy 2020

<table>
<thead>
<tr>
<th>Non-Executive Directors’ fees</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Element</strong></td>
<td><strong>Purpose and link to strategy</strong></td>
</tr>
<tr>
<td>Chairman’s fees</td>
<td>To provide an inclusive flat rate fee that is competitive with those paid by other companies of equivalent size and complexity subject to the limits contained in GSK’s Articles of Association.</td>
</tr>
<tr>
<td>Basic fees</td>
<td>As above</td>
</tr>
<tr>
<td>Supplemental fees</td>
<td>To compensate Non-Executive Directors (other than the Chairman) for taking on additional Board responsibilities or undertaking intercontinental travel.</td>
</tr>
<tr>
<td>Benefits</td>
<td>To facilitate execution of responsibilities and duties required by the role.</td>
</tr>
</tbody>
</table>

Approach to recruitment remuneration

The following policy and principles apply to the roles of Chairman and Non-Executive Director.

**Chairman**

Fees will be set at a level that is competitive with those paid by other companies of equivalent size and complexity. Fees will be paid partly in shares.

**Non-Executive Directors**

Fee levels for new Non-Executive Directors will be set on the same basis as for existing Non-Executive Directors of the company. Subject to local laws and regulations, fees will be paid partly in shares. In the event of a Non-Executive Director with a different role and responsibilities being appointed, fee levels will be benchmarked and set by reference to comparable roles in companies of equivalent size and complexity.

Loss of office

The Chairman and other Non-Executive Directors are not entitled to receive any payments in respect of fees for loss of office when they retire or step down from the Board.
Remuneration policy report continued

Operation and scope of Remuneration policy

The Remuneration policy (Policy) is set out on pages 141 to 150 of the 2019 Annual Report and it is intended that the Policy for GSK’s Executive and Non-Executive Directors will operate for a period of three years from the date of approval at the company’s Annual General Meeting on 6 May 2020.

The Committee wrote the Policy principally in relation to the remuneration arrangements for the Executive Directors, whilst taking into account the possible recruitment of a replacement or an additional Executive Director during the operation of the Policy. The Committee intends the Policy to operate for the period set out above in its entirety. However, it may after due consideration seek to change the Policy during this period, but only if it believes it is appropriate to do so for the long-term success of the company, after consultation with shareholders and having sought shareholder approval at a general meeting.

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were agreed:

(i) before the AGM on 7 May 2014 (the date the company’s first shareholder-approved Directors’ remuneration policy came into effect);

(ii) before the Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration policy in force at the time they were agreed; or

(iii) at a time when the relevant individual was not a Director of the company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the company. For these purposes ‘payments’ includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares or ADS, the terms of the payment are ‘agreed’ at the time the award is granted.

Performance Share Plan and Deferred Annual Bonus Plan awards are subject to the terms of the relevant plan rules under which the award has been granted. The Committee may adjust or amend awards only in accordance with the provisions of the plan rules. This includes making adjustments to reflect one-off corporate events, such as a change in the company’s capital structure.

The Committee may also make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for such amendments.

Statement of consideration of shareholder views

The Committee engages in regular dialogue with shareholders and holds annual meetings with GSK’s largest investors to discuss and take feedback on its Remuneration policy and governance matters.