

# Corporate Governance

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# Chairman's Governance statement

In last year's Governance statement, I explained that our primary objective for 2020 was to ensure there was clarity between the Board and management on GSK's execution of strategy and its operational priorities. We have aligned our long-term priorities of Innovation, Performance and Trust powered by culture and agreed on the metrics to measure delivery against them. The Board's annual cycle of meetings ensures that all major components of our strategy are reviewed over the course of the year.

The COVID-19 pandemic impacted and dominated all our lives for the majority of 2020. The Board was no different but adapted well to operating virtually. We invested significant time in assessing and responding to the impact of the pandemic. Management and the Board established a framework to consider three key areas: our People, Continuity and Solutions. With support from the Corporate Responsibility and the Science committees, the Board considered the impact of COVID-19 on our organisation, initiatives, treatments and solutions, and undertook a review of the appropriateness of our Vaccines business and technology platform to ensure that it would continue to be fully competitive in a post COVID-19 world.

## Resilience and decision-making

The Board's resilience was tested individually and as a team by COVID-19, with the imperative of remaining fast and agile in its decision-making. I have been deeply impressed with how management and the Board stepped up to and embraced this challenge. Of our six scheduled meetings only our January one took place face to face. Since March, the Board and our Committee meetings were all virtual. In doing so, we, like the rest of the organisation, had to adjust to the lack of physical contact, including those crucial informal interactions. These help build relationships, trigger ideas and evolve thinking on complex topics. Charlie Bancroft joined the Board in May and has yet to attend a physical meeting. His induction has so far taken place entirely virtually.

We have thought carefully as a Board on how we organise our virtual meetings, engage and spend time together to build and maintain high quality engagements and operate effectively. I have been pleased to observe at close quarters how the Board's commitment has fully aligned with the Executive: continuous communication, a sense of urgency, agility, and desire to maintain speed of decision making has helped in ensuring we can continue to support management in the timely execution of our strategic priorities.

## Education and focus on Science

Given the critical importance of strengthening the pipeline, the Board has benefitted from devoting a higher proportion of its time in understanding the science behind our strategy and testing its application. It is important that the Board has a working understanding of the key strategic themes upon which our R&D strategy is based. These themes have been complemented by Board R&D science thematic deep dives. Our focus was on the fundamentals of our strategy: human genetics, the immune system and AI and ML, as well as to gain a deeper understanding of COVID-19 and our vaccines technology. These reviews were run by Dr Hal Barron, our CSO, supported by our Science Committee & Scientific and Medical Experts. The Board also receives regular updates from Hal on progress in further strengthening the pipeline, the evolution of our R&D organisation and its operations and our incredibly talented scientists.

## Governance architecture

Being clear on the priorities of the Board has enabled the allocation of oversight responsibility for our Innovation, Performance and Trust priorities to the Committees. This means that every meeting can be focused directly on those issues that really matter to GSK.

The benefits of this alignment between the Board and its Committees at the start of 2020 became evident as the year progressed. In particular, changes to the remit of the Science and Corporate Responsibility committees and the establishment of a Transformation & Separation Committee enabled greater focus on oversight and challenge. Full details of each committee's activities are set out later in this report, but I would like to highlight below certain key areas of their work.

**Transformation & Separation Committee:** This Committee was established to ensure the Board could devote sufficient attention to the issues surrounding the creation of the Biopharma and Consumer Healthcare businesses. It reviews decisions around physical separation and corporate finance such as listing locations. The Committee is also mindful of not just separating the cost base of two businesses, but creating independent, competitively structured cost bases that are efficient and fit for purpose. It therefore also oversees management's restructuring programmes to ensure the desired benefits are delivered. It is a remarkable achievement that, notwithstanding COVID-19, all of the major programmes are on track.

**Corporate Responsibility Committee:** This Committee is central in guiding the company's ESG agenda. It has reviewed and supported management's more aggressive approach to executing the E and S aspects of ESG. This has included reviewing and endorsing a new level of ambition on environmental sustainability through setting new goals to achieve a net zero impact on climate and net positive impact on nature by 2030. A review of inclusion and diversity included disclosing targets on workforce race and ethnicity and re-basing our gender diversity targets.

The Committee played a key role in guiding and overseeing management's response to COVID-19. It reviewed the implications of production at risk and scale up, partnering, geographic allocation, access and pricing.

I am now even more convinced that a strong commitment to ESG is not just a business necessity but a long-term value driver for the company which benefits all our stakeholders. We believe we are well placed in this regard for the future.

**Science Committee:** This Committee continues to support oversight of the scientific assumptions which drive our distinctive R&D strategy evolved by the CSO for Biopharma and as I explained earlier, guides and educates the Board from a scientific perspective.

During the year, the CSO and his team sought to build on the foundations set in 2019 by continuing to strengthen our pipeline organically, through collaborations and business development. The Committee's review of the underlying scientific assumptions and provision of scientific technical assurance on business development transactions has been of critical support to the Board.

### Board succession planning

I am very pleased that Lynn Elsenhans has agreed to stay for a further year before stepping down from the Board at the 2022 AGM. This will help with continuity of leadership of the Corporate Responsibility Committee as we work to separation and facilitate a smooth transition for her successor in the current COVID-19 environment.

It is an honour to lead such a high-performing, collegiate and unified Board. The formal governance planning for separation will begin in the second half of 2021 and this will include building towards the creation of two new boards. As we enter this critical period, my intention is to maintain the continuity and cohesion of the current Board which is highly focused on maximising value for you our shareholders up to, and beyond, the point of separation.

### Evaluation

After a busy year, we were pleased that Jan Hall of No 4 was able to complete a follow-up independent Board review to help us further improve the Board's effectiveness during 2021. The conclusions of this review are set out later in this report.

During the year, the company continued to operate and comply with the requirements of the Financial Reporting Council's 2018 UK Corporate Governance Code. A copy of the 2018 Code can be found on [www.frc.org.uk](http://www.frc.org.uk).

I look forward to connecting with you at our AGM this year in May and updating you at that time on our progress. Thank you for your continued support.

### Sir Jonathan Symonds

Chairman

8 March 2021

# The Board

| Board composition           |     | Board diversity                    |     | International experience        |      |
|-----------------------------|-----|------------------------------------|-----|---------------------------------|------|
| <b>Composition</b>          |     | <b>Gender</b>                      |     | <b>International experience</b> |      |
| Executive                   | 25% | Male                               | 58% | Global                          | 92%  |
| Non-Executive               | 75% | Female                             | 42% | US                              | 100% |
| <b>Tenure Non-Executive</b> |     | <b>Ethnicity</b>                   |     | Europe                          | 92%  |
| Up to 3 years               | 22% | Black, Asian and minority ethnic   | 8%  | EMAP                            | 83%  |
| 3-6 years                   | 45% | White                              | 92% |                                 |      |
| 6-9 years                   | 22% |                                    |     |                                 |      |
| 9-10 years                  | 11% |                                    |     |                                 |      |
|                             |     | ⊕ See more information on page 106 |     |                                 |      |

## Sir Jonathan Symonds, CBE

Non-Executive Chairman

Age: 62

Nationality: British

Appointed: 1 September 2019



### Skills and experience

Jon has extensive international financial, life sciences and governance experience.

Jon served as an Independent Non-Executive Director of HSBC Holdings plc from April 2014, and as Deputy Group Chairman from August 2018, until his retirement from the Board in February 2020. He was previously Chairman of HSBC Bank plc, Chief Financial Officer of Novartis AG, Partner and Managing Director of Goldman Sachs, Chief Financial Officer of AstraZeneca plc, and a Partner at KPMG. His governance experience includes roles as Non-Executive Director and Chair of the Audit Committees of Diageo plc and QinetiQ Group plc and Non-Executive Chair of Proteus Digital Health Inc.

Jon is a Fellow of the Institute of Chartered Accountants in England and Wales.

### External appointments

Non-Executive Director, Rubius Therapeutics, Inc; Non-Executive Director, Genomics England Limited having previously served as its Chairman; Member, European Round Table for Industry.

## Dame Emma Walmsley

Chief Executive Officer

Age: 51

Nationality: British

Appointed: 1 January 2017  
Chief Executive Officer from 1 April 2017

### Skills and experience

Prior to her appointment as GSK's CEO, Emma was the CEO of GSK Consumer Healthcare, a Joint Venture between GSK and Novartis, from its creation in March 2015. Emma joined GSK in 2010 from L'Oreal, having worked for 17 years in a variety of roles in Paris, London, New York and Shanghai. Emma was previously a Non-Executive Director of Diageo plc.

Emma holds an MA in Classics and Modern Languages from Oxford University.

### External appointments

Independent director, Microsoft, Inc; Honorary Fellow, Royal Society of Chemistry.

## Iain Mackay

Chief Financial Officer

Age: 59

Nationality: British

Appointed: 14 January 2019  
Chief Financial Officer from 1 April 2019

### Skills and experience

Prior to joining GSK, Iain was Group Finance Director at HSBC Holdings plc, a position he held for eight years. A chartered accountant, Iain has worked in Asia, the US and Europe and before HSBC was at General Electric, Schlumberger Dowell and Price Waterhouse. Iain was previously a Trustee of the British Heart Foundation and Chair of its Audit and Risk Committee.

Iain holds an MA in Business Studies and Accounting and holds an Honorary Doctorate from Aberdeen University in Scotland.

Iain is a member of the Institute of Chartered Accountants of Scotland.

### External appointments

Member, Court of the University of Aberdeen and Chair of its Remuneration Committee; Member, The 100 Group and Chair of its Financial Reporting Committee.

## Dr Hal Barron

Chief Scientific Officer and President, R&D

Age: 58

Nationality: American

Appointed: 1 January 2018  
Chief Scientific Officer and President, R&D from 1 April 2018

### Skills and experience

Prior to joining GSK, Hal was President, R&D at Calico LLC (California Life Company), an Alphabet-funded company that uses advanced technologies to increase understanding of lifespan biology. Prior to this, Hal was Executive Vice President, Head of Global Product Development, and Chief Medical Officer of Roche, responsible for all the products in the combined portfolio of Roche and Genentech. At Genentech, he was Senior Vice President of Development and Chief Medical Officer. Hal was a Non-Executive Director and Chair of the Science & Technology Committee at Juno Therapeutics, Inc until March 2018, when it was acquired by Celgene Corporation.

### External appointments

Associate Adjunct Professor, Epidemiology & Biostatistics, University of California, San Francisco; Non-Executive Board Director, GRAIL, Inc, an early cancer detection healthcare company; Advisory Board Member, Verily Life Sciences LLC, a subsidiary of Alphabet, Inc.

**Key** ● Committee Chair (N) Nominations & Corporate Governance (A) Audit & Risk (R) Remuneration (S) Science (C) Corporate Responsibility (T) Transformation & Separation

## The Board continued

### Charles Bancroft

Independent Non-Executive Director

Age: 61

Nationality: American

Appointed: 1 May 2020

(A) (T)

#### Skills and experience

Charlie has a wealth of financial and management experience in global biopharma.

Charlie retired from a successful career at Bristol Myers Squibb (BMS) in March 2020 where he held a number of leadership roles in commercial, strategy and finance. Beginning his career at BMS in 1984, he held positions of increasing responsibility within the finance organisation and had commercial operational responsibility for Latin America, Middle East, Africa, Canada, Japan and several Pacific Rim countries. He was appointed Chief Financial Officer in 2010, Chief Financial Officer and Executive Vice President, Global Business Operations in 2016 and Executive Vice President and Head of Integration and Strategy & Business Development in 2019. Charlie successfully steered BMS through a period of strategic transformation, including its recent \$74bn acquisition of Celgene. Charlie also served as a member of the Board of Colgate-Palmolive Company from 2017 until March 2020.

#### External appointments

Board Member, Kodiak Sciences Inc; Board Member, BioVector Inc; Advisory Board Member, Drexel University's LeBow College of Business.

The Board determined that Charlie has recent and relevant financial experience and agreed that he has the appropriate qualifications and background to be an audit committee financial expert.

### Manvinder Singh (Vindi) Banga

Senior Independent Non-Executive Director

Age: 66

Nationality: British

Appointed: 1 September 2015

Senior Independent Non-Executive Director from 5 May 2016

(N) (A) (R) (T)

#### Skills and experience

Vindi has many years of commercial experience and a track record of delivering outstanding performance in highly competitive global consumer-focused businesses.

Prior to joining GSK, Vindi spent 33 years at Unilever plc, where his last role (amongst several senior positions) was President of the Global Foods, Home and Personal Care businesses, and a member of the Unilever Executive Board. Vindi sat on the Prime Minister of India's Council of Trade & Industry from 2004 to 2014 and was on the Board of Governors of the Indian Institute of Management (IIM), Ahmedabad. Vindi is also the recipient of the Padma Bhushan, one of India's highest civilian honours. Vindi has been a Non-Executive Director of the Confederation of British Industry (CBI) and Thomson Reuters Corp, Chairman of the Supervisory Board of Mauser Group, Chairman of Kalle GmbH and Senior Independent Director of Marks & Spencer Group plc.

#### External appointments

Partner, Clayton Dubilier & Rice; Director, High Ridge Brands Co; Non-Executive Director, The Economist Newspaper Limited; Member, Holdingham International Advisory Board; Board Member, International Chamber of Commerce United Kingdom; Member, Governing Board of the Indian School of Business, Hyderabad; Member, Global Leadership Council of Saïd Business School, Oxford; Member, Indo UK CEO Forum; Chair of the Board of Trustees, Marie Curie.

### Dr Vivienne Cox, CBE

Independent Non-Executive Director & Workforce Engagement Director

Age: 61

Nationality: British

Appointed: 1 July 2016

(R) (C) (T)

#### Skills and experience

Vivienne has wide experience of business gained in the energy, natural resources and publishing sectors. She also has a deep understanding of regulatory organisations and government.

Vivienne worked for BP plc for 28 years, in Britain and Continental Europe, in posts including Executive Vice President and Chief Executive of BP's gas, power and renewable business and its alternative energy unit. Vivienne was previously a Non-Executive Director of BG Group plc and Rio Tinto plc and the Lead Independent Director at the UK Government's Department for International Development. Vivienne was appointed Commander of the Order of the British Empire in the 2016 New Year Honours for services to the UK Economy and Sustainability.

#### External appointments

Senior Independent Director, Pearson plc; Chairman of the Supervisory Board, Vallourec; Non-Executive Director, Stena AB; Advisory Board Member, African Leadership Institute; Vice President, Energy Institute; Advisory Board Member, Montrose Associates; Chair, Rosalind Franklin Institute; Vice Chair, Saïd Business School, Oxford and member of its Global Leadership Council; Patron, Hospice of St Francis.

### Lynn Elsenhans

Independent Non-Executive Director

Age: 64

Nationality: American

Appointed: 1 July 2012

(C) (N) (A) (T)

#### Skills and experience

Lynn has a wealth of experience running a global business and significant knowledge of the global markets in which GSK operates.

Lynn served as Chair, President and Chief Executive Officer of Sunoco Inc from 2009 to 2012. Prior to joining Sunoco in 2008 as President and Chief Executive Officer, Lynn worked for Royal Dutch Shell, which she joined in 1980, and where she held a number of senior roles, including Executive Vice President, Global Manufacturing from 2005 to 2008. Lynn was previously a Non-Executive Director of the First Tee of Greater Houston, Flowserve Corporation and the Texas Medical Center, and a Trustee of the United Way of Greater Houston.

#### External appointments

Non-Executive Director and Chair of the Governance and Corporate Responsibility Committee, Baker Hughes Company; Board Director and Chair of the Audit Committee, Saudi Aramco; Advisory Board Member, Johns Hopkins University, Whiting School of Engineering; Member, Audit Committee Leadership Network.

## The Board continued

### Dr Laurie Glimcher

Independent Non-Executive Director and Scientific & Medical Expert

Age: 69

Nationality: American

Appointed: 1 September 2017

(A) (S)

#### Skills and experience

Laurie brings scientific and public health expertise to the Board's deliberations, and a wealth of global, publicly listed pharmaceutical business experience.

In addition to a number of senior leadership positions held at both Harvard Medical School and Harvard School of Public Health, Laurie has also served as Stephen and Suzanne Weiss Dean and Professor of Medicine at Weill Cornell Medical College and as an Attending Physician at the New York Presbyterian Hospital/Weill Cornell Medical Center. Laurie stepped down from the Board of Bristol-Myers Squibb (BMS) in 2017 after serving for 20 years on its Board. Laurie was previously a Non-Executive Director of the Waters Corporation and co-founder and Chair of the Scientific Advisory Board of Quentis Therapeutics Inc.

#### External appointments

Professor of Medicine, Harvard Medical School; CEO, President and Attending Physician, Dana-Farber Cancer Institute.

Member, US National Academy of Sciences and the National Academy of Medicine; Member, Scientific Steering Committee of the Parker Institute for Cancer Immunotherapy; Independent Director, Analog Devices Inc; Member, Scientific Advisory Boards of Repare Therapeutics Inc, Abpro Therapeutics and Kaleido Biosciences Inc.

### Dr Jesse Goodman

Independent Non-Executive Director and Scientific & Medical Expert

Age: 69

Nationality: American

Appointed: 1 January 2016

(S) (C)

#### Skills and experience

Jesse brings scientific and public health expertise to the Board's deliberations. He has a wealth of experience spanning science, medicine, vaccines, regulation and public health, and has a proven record in addressing pressing public health needs from both the academic and federal sectors.

Jesse previously served in senior leadership positions at the US Food and Drug Administration (FDA), including most recently as the FDA's Chief Scientist and previously as Deputy Commissioner for Science and Public Health and as Director of the Center for Biologics Evaluation and Research (CBER).

Jesse played a leadership role in developing the FDA's Regulatory Science and Medical Countermeasures Initiatives and has worked collaboratively with industry, academia, government and global public health and regulatory partners to prepare for and respond to major public health threats, including emerging infectious diseases, disasters and terrorism. He led the FDA's response to West Nile Virus and to the 2009 H1N1 influenza pandemic and served on the Senior Leadership Team for the 2010 White House Medical Countermeasure Review. Jesse was previously a member of both the Scientific Advisory Committee and the Regulatory and Legal Working Group of the Coalition for Epidemic Preparedness Innovations (CEPI).

#### External appointments

Professor of Medicine and Attending Physician, Infectious Diseases, Georgetown University and directs the Georgetown University Center on Medical Product Access, Safety and Stewardship (COMPASS); Board Member (formerly President), United States Pharmacopeia (USP); Board Member, Scientific Counselors for Infectious Diseases, Centers for Disease Control and Prevention (CDC); Board Member, Intellia Therapeutics Inc; Member, US National Academy of Medicine.

### Judy Lewent

Independent Non-Executive Director

Age: 72

Nationality: American

Appointed: 1 April 2011

(A) (N) (R) (S) (T)

#### Skills and experience

Judy has extensive knowledge of the global pharmaceutical industry and of corporate finance.

Judy joined Merck & Co in 1980 and served as its Chief Financial Officer from 1990 to 2007 when she retired. Judy served as a Non-Executive Director of Dell Inc, Quaker Oats Company and Motorola Inc, and held Non-Executive Directorships at Purdue Pharma Inc, Napp Pharmaceutical Holdings Limited and certain Mundipharma International Limited companies until 2014.

#### External appointments

Non-Executive Director, Thermo Fisher Scientific Inc; Non-Executive Director, Motorola Solutions Inc; Trustee, Rockefeller Family Trust; Life member, Massachusetts Institute of Technology Corporation; Member, American Academy of Arts and Sciences; Business Advisory Board Member, twoXAR; Advisory Board Member, 4D Path Inc.

The Board determined that Judy has recent and relevant financial experience, and agreed that she has the appropriate qualifications and background to be an audit committee financial expert.

### Urs Rohner

Independent Non-Executive Director

Age: 61

Nationality: Swiss

Appointed: 1 January 2015

(R) (N) (T)

#### Skills and experience

Urs has a broad business and legal background and extensive senior level experience at multinational companies.

Urs has served as Chairman on a number of Boards, most recently for Credit Suisse. Prior to joining Credit Suisse in 2004, Urs served as Chairman of the Executive Board and CEO of ProSieben and ProSiebenSat.1 Media AG. This followed a number of years in private practice at major law firms in Switzerland and the US, having been admitted to the bars of the canton of Zurich in Switzerland in 1986 and the state of New York in the US in 1990.

#### External appointments

Chairman of the Board and of the Governance and Nominations Committee, Credit Suisse Group AG; Chairman and member of the Board of Trustees, Credit Suisse Research Institute and Credit Suisse Foundation; Vice-Chairman of the Governing Board, Swiss Bankers Association.

**Key** ● Committee Chair (N) Nominations & Corporate Governance (A) Audit & Risk (R) Remuneration (S) Science (C) Corporate Responsibility (T) Transformation & Separation

# Corporate Executive Team

## Skills and experience

|                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Dr Hal Barron</b><br/>Chief Scientific Officer<br/>and President, R&amp;D</p>                 | <p>Hal joined GSK and the CET in 2018. See Board biographies on pages 80 to 82.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Roger Connor</b><br/>President, Global Vaccines</p>                                           | <p>Roger joined the CET in 2013. He was appointed President of GSK Global Vaccines in 2018. In addition to leadership of the Vaccines business, he is responsible for GSK's global procurement organisation. Roger is also a member of the Gavi board, the Vaccine Alliance, where he represents the International Federation of Pharmaceutical Manufacturers &amp; Associations (IFPMA) constituency. Previously, he was President, Global Manufacturing &amp; Supply and, before that, Vice President, Office of the CEO and Corporate Strategy. Roger joined GSK in 1998 from AstraZeneca. Roger holds a degree in Mechanical and Manufacturing Engineering from Queen's University, Belfast and a Master's in Manufacturing Leadership from Cambridge University. He is a Chartered Accountant.</p>             |
| <p><b>Diana Conrad</b><br/>Senior Vice President,<br/>Human Resources (HR)</p>                      | <p>Diana was appointed Senior Vice President, Human Resources (HR) and member of the CET in April 2019. She was previously Senior Vice President, HR, Pharmaceuticals R&amp;D from 2016 where she played a key strategic role as leader of the R&amp;D people and culture agenda to support its transformation.</p> <p>Diana joined GSK Canada's HR team in 2000 where she held several roles of increasing responsibility before becoming Senior Vice President, HR for Consumer Healthcare in 2009.</p> <p>Prior to joining GSK, she held HR roles in companies including GE Capital, Gennum Corporation and Zenon Environmental Laboratories. Diana has an Honours Bachelor of Arts from McMaster University in Canada.</p>                                                                                      |
| <p><b>James Ford</b><br/>Senior Vice President<br/>and General Counsel</p>                          | <p>James joined the CET in 2018, when he was appointed Senior Vice President and General Counsel. He joined GSK in 1995 and has served as General Counsel Consumer Healthcare, General Counsel Global Pharmaceuticals, Vice President of Corporate Legal and was Acting Head of Global Ethics and Compliance. Prior to GSK, James was a solicitor at Clifford Chance and DLA. He holds a law degree from University of East Anglia and a Diploma in Competition Law from Kings College. He is qualified as a solicitor in England and Wales and is an attorney at the New York State Bar. James is based in London but has practised law and lived in the US, Singapore and Hong Kong. James is co-chair of the US based Civil Justice Reform Group and a director of the European General Counsel Association.</p> |
| <p><b>Nick Hiron</b><br/>Senior Vice President,<br/>Global Ethics and Compliance</p>                | <p>Nick was appointed to the CET in 2014 as Senior Vice President, Global Ethics and Compliance, responsible for compliance, risk management, corporate security and investigations. Nick joined GSK in 1994 as an International Auditor. He was later Head of Audit &amp; Assurance, where he combined five audit functions into an independent team with a common risk-based methodology. In 2013, Nick relocated to China to establish a governance model for our China business and created a consistent approach to compliance. Nick is a fellow of the Chartered Institute of Management Accountants.</p>                                                                                                                                                                                                     |
| <p><b>Sally Jackson</b><br/>Senior Vice President,<br/>Global Communications<br/>and CEO Office</p> | <p>Sally joined the CET in March 2019 as Senior Vice President, Global Communications and CEO Office. She is responsible for communications and government affairs for our three global businesses and in the markets, as well as employee engagement across the Group. She is also the CEO's Chief of Staff. Prior to this Sally was Senior Vice President Office of the CEO and CFO and she previously served as Head of Investor Relations. She joined GSK in 2001. Sally holds a degree in Natural Sciences from the University of Cambridge.</p>                                                                                                                                                                                                                                                               |
| <p><b>Iain Mackay</b><br/>Chief Financial Officer</p>                                               | <p>Iain joined GSK and the CET in 2019. See Board biographies on page pages 80 to 82.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Brian McNamara</b><br/>CEO, GSK Consumer Healthcare</p>                                       | <p>Brian joined the CET in 2016, when he was appointed CEO, GSK Consumer Healthcare. He joined GSK in 2015 as Head of Europe and Americas for GSK Consumer Healthcare, following the creation of the previous Joint Venture between GSK and Novartis. Previously, he was head of Novartis' OTC division. Brian began his career at Procter and Gamble.</p> <p>Brian is a Board member of the Consumer Goods Forum and former Chairman and Board member of the Global Self-Care Federation (GSCF). He earned an undergraduate degree in Electrical Engineering from Union College in New York and an MBA in Finance from the University of Cincinnati.</p>                                                                                                                                                           |

## Corporate Executive Team continued

### Skills and experience

#### Luke Miels

President, Global Pharmaceuticals

Luke joined GSK and the CET in 2017 as President, Global Pharmaceuticals, responsible for our commercial portfolio of medicines and vaccines. Luke also co-chairs the Portfolio Investment Board with Hal.

He previously worked for AstraZeneca as Executive Vice President of their European business and, prior to that, was Executive Vice President of Global Product and Portfolio Strategy, Global Medical Affairs and Corporate Affairs. Before that, he was head of Asia for Roche based in Shanghai and then Singapore. Prior to that he held roles of increasing seniority at Roche and Sanofi-Aventis in the US, Europe and Asia.

Luke holds a Bachelor of Science degree in Biology from Flinders University in Adelaide and an MBA from the Macquarie University, Sydney.

#### David Redfern

Chief Strategy Officer

David joined the CET as Chief Strategy Officer in 2008 and is responsible for corporate development and strategic planning. Previously, he was Senior Vice President, Northern Europe with responsibility for GSK's pharmaceutical businesses in that region and, before that, he was Senior Vice President for Central and Eastern Europe. He joined GSK in 1994. David was appointed Chairman of the Board of ViiV Healthcare Limited in 2011 and a Non-Executive Director of the Aspen Pharmacare Holdings Limited Board in 2015.

He has a Bachelor of Science degree from Bristol University and is a Chartered Accountant.

#### Regis Simard

President, Pharmaceuticals Supply Chain

Regis joined the CET in 2018, when he became President, Pharmaceuticals Supply Chain. He is responsible for the manufacturing and supply of GSK's pharmaceutical products. He also leads Quality and Environment, Health, Safety and Sustainability at a corporate level. Regis joined GSK in 2005 as a Site Director in France, rising to become Senior Vice President of Global Pharmaceuticals Manufacturing before his current role. Previously, he held senior positions at Sony, Konica Minolta and Tyco Healthcare. He is a member of the Board for ViiV Healthcare.

He is a mechanical engineer and holds an MBA.

#### Karenann Terrell

Chief Digital & Technology Officer

Karenann joined GSK and the CET in 2017 as Chief Digital & Technology Officer, responsible for our technology, digital, data and analytics strategy. Previously, she worked for Walmart as Chief Information Officer. Prior to this, she was at Baxter International, where she was Chief Information Officer, and before that Daimler Chrysler Corporation. Karenann began her career at General Motors. In 2017 she became a Non-Executive Director of Pluralsight LLC.

She earned graduate and post-graduate degrees in Electrical Engineering from Kettering and Purdue Universities respectively.

#### Phil Thomson

President, Global Affairs

Phil joined the CET in 2011. He was appointed President, Global Affairs in 2017, with responsibility for the Group's strategic approach to reputation, policy development, stakeholder engagement, and Global Health. Previously, Phil was Senior Vice President, Communications and Government Affairs.

Phil is Chairman of The Whitehall & Industry Group and a Board member of the China-Britain Business Council.

He earned his degree in English, History and Russian Studies from Durham University.

#### Emma Walmsley

Chief Executive Officer

Emma joined GSK in 2010 and the CET in 2011. See Board biographies on pages 80 to 82.

#### Deborah Waterhouse

CEO, ViiV Healthcare

Deborah was appointed to the CET in January 2020. She became Chief Executive Officer of ViiV Healthcare in April 2017.

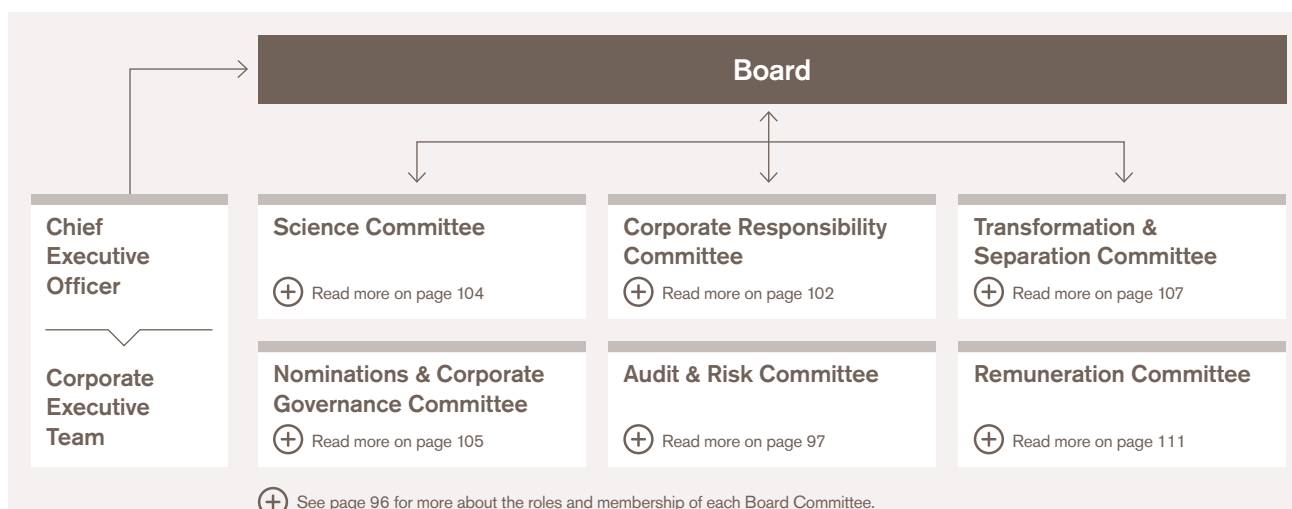
Deborah joined GSK in 1996 and was most recently the Senior Vice President of Primary Care within the company's US business, prior to which she led the US Vaccines business. She has a strong track record of performance in both specialty and primary care. Deborah led the HIV business in the UK before heading the HIV Centre of Excellence for Pharma Europe and held international roles as General Manager of Australia and New Zealand and Senior Vice President for Central and Eastern Europe.



# Board architecture

In 2020, we enhanced our corporate governance framework to further improve the effectiveness of the Board and the way it works, and to support the Corporate Executive Team (CET) in delivering the transformation of our biopharma business and the planned separation of Consumer Healthcare.

GSK's internal control and risk management arrangements, described on pages 98 and 99 and 43 to 49, are an integral part of our corporate governance framework.



## Attendance at scheduled Board and Committee meetings during 2020

|                                    | Board           | Nominations & Corporate Governance | Audit & Risk    | Remuneration    | Science         | Corporate Responsibility | Transformation & Separation |
|------------------------------------|-----------------|------------------------------------|-----------------|-----------------|-----------------|--------------------------|-----------------------------|
| Total number of scheduled meetings | 6               | 5                                  | 6               | 5               | 3               | 4                        | 4                           |
| <b>Members</b>                     | <b>Attended</b> | <b>Attended</b>                    | <b>Attended</b> | <b>Attended</b> | <b>Attended</b> | <b>Attended</b>          | <b>Attended</b>             |
| Sir Jonathan Symonds               | 6               | 5                                  |                 |                 |                 |                          | 4                           |
| Emma Walmsley                      | 6               |                                    |                 |                 |                 |                          |                             |
| Iain Mackay                        | 6               |                                    |                 |                 |                 |                          |                             |
| Dr Hal Barron                      | 6               |                                    |                 |                 |                 |                          |                             |
| Charles Bancroft*                  | 4 (4)           |                                    | 4 (4)           |                 |                 |                          | 4                           |
| Vindi Banga                        | 6               | 5                                  | 6               | 5               |                 |                          | 4                           |
| Dr Vivienne Cox                    | 6               |                                    |                 | 5               |                 | 4                        | 3                           |
| Lynn Elsenhans                     | 6               | 4                                  | 6               |                 |                 | 4                        | 4                           |
| Dr Laurie Glimcher                 | 6               |                                    | 6               |                 | 3               |                          |                             |
| Dr Jesse Goodman                   | 6               |                                    |                 |                 | 3               | 4                        |                             |
| Judy Lewent                        | 6               | 5                                  | 6               | 5               | 3               |                          | 4                           |
| Urs Rohner                         | 6               | 5                                  |                 | 5               |                 |                          | 4                           |
| <b>Number of ad-hoc meetings</b>   | <b>21</b>       |                                    | <b>6</b>        | <b>5</b>        | <b>4</b>        |                          |                             |

\* For Charles Bancroft, who joined the Board and the Audit & Risk Committee on 1 May 2020, the numbers in brackets denote the number of meetings he was eligible to attend.

# Board roles and responsibilities

## Leadership

### Chairman

#### Jonathan Symonds

- Leads and manages the business of the Board
- Provides direction and focus
- Ensures clear structure for effective operation of the Board and its Committees
- Sets Board agenda and ensures sufficient time is allocated to promote effective debate to support sound decision making
- Ensures the Board receives accurate, timely and clear information
- Meets with each Non-Executive Director on an annual basis to discuss individual contributions and performance, together with training and development needs
- Shares peer feedback that is provided as part of the Board evaluation process
- Meets regularly with all the Non-Executive Directors independently of the Executive Directors
- Maintains a dialogue with shareholders on the governance of the company.

 The Chairman's role description is available on [GSK.com](https://www.gsk.com)

### Chief Executive Officer

#### Emma Walmsley

- Responsible for the management of the Group and its three businesses
- Develops the Group's strategic direction for consideration and approval by the Board
- Implements the agreed strategy
- Is supported by members of the CET
- Maintains a continual and active dialogue with shareholders in respect of the company's performance.

 The Chief Executive Officer's role description is available on [GSK.com](https://www.gsk.com)

## Independent oversight and rigorous challenge

### Non-Executive Directors

- Provide a strong independent element to the Board
- Constructively support and challenge management and scrutinise their performance in meeting agreed deliverables
- Shape proposals on strategy and offer specialist advice to management
- Each has a letter of appointment setting out the terms and conditions of their directorship
- Devote such time as is necessary to the proper performance of their duties
- Are expected to attend all meetings as required.

### Independence statement

The Board considers all of its Non-Executive Directors who are identified on pages 81 and 82 to be independent after being assessed against the circumstances set out in Provision 10 of the 2018 Code. The reviews of the continuing independence and commitment of both Judy Lewent, who has served on the Board for more than nine years, and Lynn Elsenhans, who will after 1 July 2021 have served on the Board for more than nine years, are described on pages 105 and 106.

### Senior Independent Director

#### Vindi Banga

- Acts as a sounding board for the Chairman and a trusted intermediary for other Directors
- Together with the Non-Executive Directors, leads the annual review of the Chairman's performance, taking into account views of the Executive Directors
- Discusses the results of the Chairman's effectiveness review with the Chairman
- Leads the search and appointment process and makes the recommendation to the Board for a new Chairman
- Acts as an additional point of contact for shareholders, maintains an understanding of the issues and concerns of major shareholders through briefings from the Company Secretary and Investor Relations.

 The Senior Independent Non-Executive Director's role description is available on [GSK.com](https://www.gsk.com)

### Company Secretary Victoria Whyte

- Secretary to the Board and all Board Committees
- Supports the Board and Committee Chairs in annual agenda planning
- Ensures information is made available to Board members in a timely fashion
- Supports the Chairman in designing and delivering Board inductions
- Coordinates continuing business awareness and training requirements for the Non-Executive Directors
- Undertakes internal Board and Committee evaluations at the request of the Chairman
- Advises the Directors on Board practice and procedures, and corporate governance matters
- Chairs the Group's Disclosure Committee
- Operates a Board-approved appointments policy that reflects the Board and external appointment requirements of the 2018 Code
- Is a point of contact for shareholders on all corporate governance matters.

# Board activity and principal decisions

The Board discharges its responsibilities through an annual programme of meetings. Papers and presentations to the Board (and its Committees) focus its oversight of performance and the driving of the company's strategic direction. They are designed to either:

- Facilitate effective decision making, being categorised for 'awareness', 'input' and/or 'decision', or
- Aid the Board's oversight of the business, being for 'awareness' only.

Items of business considered 'mission critical' to GSK's long-term success are highlighted below.

Areas of focus in 2020

Long-term priorities link

|                                |                                                                                                                                                                                                 |         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| <b>Strategy</b>                | <b>The Board's oversight of the execution of our strategy included:</b>                                                                                                                         |         |
| <b>MC</b>                      | – Receiving and discussing reports from Pharmaceuticals, Vaccines and Consumer Healthcare                                                                                                       | I P T C |
| <b>MC</b>                      | – Holding a joint Board and CET strategy day to discuss plans for the two successor businesses up to and beyond separation                                                                      | I P T C |
|                                | – Receiving quarterly reports from the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Scientific Officer (CSO)                                                          | I P T C |
| <b>MC</b>                      | – Discussing and scrutinising 'Future Ready' plans for transforming Biopharma and Consumer Healthcare                                                                                           | I P T   |
| <b>MC</b>                      | – Scrutinising and approving major collaborations with third parties to develop vaccines and treatments for COVID-19                                                                            | I P T   |
| <b>MC</b>                      | – Approving business development transactions and strategic partnerships with third parties, including the mRNA technology collaboration with CureVac following a review of Vaccines technology | I P T   |
|                                | – Reviewing and approving divestment of non-strategic Consumer Healthcare brands                                                                                                                | I P     |
| <b>Performance</b>             | <b>The Board's focus on performance included:</b>                                                                                                                                               |         |
|                                | – Evaluating the CEO's 2019 performance, and setting 2020 objectives                                                                                                                            | I P T C |
| <b>MC</b>                      | – Setting the annual budget and plan, and the forward-looking three-year forecast                                                                                                               | P T     |
|                                | – Annual talent and succession plan review                                                                                                                                                      | I P T C |
|                                | – Scrutinising the Group's financial performance                                                                                                                                                | P T     |
|                                | – Reviewing the risks and impacts of COVID-19 on the Group's business and performance                                                                                                           | I P T C |
|                                | – Reviewing the quarterly financial results, dividend proposal, earnings guidance, investor materials and results announcements                                                                 | P T     |
|                                | – Confirming the viability and going concern statements                                                                                                                                         | P T     |
|                                | – Approval of the statutory accounts                                                                                                                                                            | P T     |
| <b>Science</b>                 | <b>The Board's focus on science included:</b>                                                                                                                                                   |         |
|                                | – Briefings on the key elements of R&D strategy:                                                                                                                                                | I       |
| <b>MC</b>                      | – Review of R&D Science x Technology x Culture strategy                                                                                                                                         | I       |
| <b>MC</b>                      | – Receiving updates on the progress of key R&D assets, including the impact of COVID-19                                                                                                         | I P     |
| <b>MC</b>                      | – Receiving and approving if appropriate, a number of business development transactions to further strengthen the pipeline                                                                      | I       |
| <b>Governance</b>              | <b>The Board's focus on governance included:</b>                                                                                                                                                |         |
|                                | – Receiving reports from its Committees                                                                                                                                                         | T       |
|                                | – Receiving reports from the external auditor                                                                                                                                                   | P T     |
|                                | – Approving the appointment of a new Non-Executive Director, audit committee financial expert and successor Audit & Risk Committee Chair                                                        | I P T   |
|                                | – Establishing a new Committee to focus on Transformation & Separation                                                                                                                          | T       |
|                                | – Approving the 2019 Annual Report and Form 20-F                                                                                                                                                | T       |
|                                | – Receiving reports on corporate governance and regulatory developments and the Company Secretary's report                                                                                      | T       |
|                                | – Considering conclusions and agreeing actions from the Board's external evaluation                                                                                                             | P T     |
| <b>MC</b>                      | – Setting the Board's 2020-2022 priorities                                                                                                                                                      | I P T C |
|                                | – Reviewing our modern slavery statement and gender pay gap positioning                                                                                                                         | T       |
| <b>MC</b>                      | – Annual review of the Board's Enterprise Risk Responsibility Framework and Enterprise-wide Risks                                                                                               | T       |
| <b>Cultural transformation</b> | – Receiving updates on cultural transformation progress                                                                                                                                         | I P T C |
| <b>Our stakeholders</b>        | <b>The Board's consideration for stakeholder impacts included:</b>                                                                                                                              |         |
|                                | – Reviewing the Board's governance architecture                                                                                                                                                 | I P T C |
|                                | – Considering reports from the Workforce Engagement Director                                                                                                                                    | I P T C |
|                                | – Discussing reports on annual employee survey results                                                                                                                                          | I P T C |
|                                | – Reviewing stakeholder perception research                                                                                                                                                     | I P T C |

Mission critical items **MC** Link to long-term priorities: **I** Innovation **P** Performance **T** Trust **C** Culture

## Board activity and principal decisions continued

Board members consider the interests of GSK's key stakeholders and how their decisions could potentially affect them. Papers considered by the Board and its Committees seek to highlight relevant stakeholder impacts of proposals under consideration – whether positive or negative – in support of this duty and the decision-making process.

Selected examples of 2020's principal decisions, and how the Board considered stakeholder perspectives, are set out below:

| Decisions                                                                  | How Board/Committee regarded stakeholder interests                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Stakeholder groups, and other section 172 duties considered                                                                                                                                                                                                                                                                                                                                                                                                                                                | Principal decision made by our Board/Committees                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business development, collaborations and deals (including COVID-19)</b> | <p>The Science Committee and the Board reviewed several business development opportunities and COVID-19 collaborations. Those leading to concluded transactions included:</p> <ul style="list-style-type: none"> <li>– A strategic collaboration with CureVac to access its mRNA platform capability to supplement GSK's SAM technology following a review of Vaccines technology</li> <li>– A TB consortium collaboration to develop a novel treatment for TB</li> <li>– A partnership with IDEAYA Biosciences in synthetic lethality, an emerging field in precision medicine oncology</li> <li>– A collaboration with Vir Biotechnology, to identify potential COVID-19 treatment options</li> <li>– Partnerships with Sanofi, Medicago and Clover for three potential COVID-19 vaccines using different technologies</li> </ul> <p>These arrangements were considered in the context of their potential to help GSK deliver transformational medicines to patients</p>                                                         | <p><b>Stakeholders:</b><br/>Patients, consumers, employees and investors</p> <p><b>Other s172 duties:</b><br/>Our long-term results, workforce and business relationships</p>                                                                                                                                                                                                                                                                                                                              | <p>The Science Committee considered the scientific merits of these business development opportunities prior to the Board's review and approval</p>                                                                                                                                                                                    |
| <b>Commercial model changes in China and other selected markets</b>        | <p>The Audit &amp; Risk Committee (ARC) considered, and recommended to the Board, changes in our healthcare professionals (HCP) engagement and sales force incentive (SFI) programme in China and other selected markets. This reflected the growing shift in GSK's portfolio to innovative Specialty Care products and our aim to increase competitiveness and build further on the initial phased roll out of the new SFI programme in 2019</p> <p>It examined these changes as a means of:</p> <ul style="list-style-type: none"> <li>– Attracting and retaining the best sales force talent in China</li> <li>– Increasing the sales force's accountability and performance focus</li> <li>– Enhancing the quality of our dialogue with HCPs in China</li> <li>– Helping us to serve patients better</li> </ul> <p>The ARC agreed robust governance arrangements to underpin these changes, including real-time monitoring and advanced data analytics. These uphold our ethical and values-led approach to HCP engagement</p> | <p><b>Stakeholders:</b><br/>HCPs, other medical experts, employees, investors, governments, regulators, patients and consumers</p> <p>A Non-Executive Director briefing workshop was held as part of the ARC review process. This enabled the Board to meet the China Pharmaceuticals Leadership Team and discuss the country's commercial policy, risk management and compliance culture</p> <p><b>Other s172 duties:</b><br/>Our long-term results, workforce, business relationships and reputation</p> | <p>The ARC recommended these limited SFI programme changes to the Board for approval</p> <p>To safeguard key stakeholder interests, the new programme is being implemented in controlled phases across markets. A review of the robustness of the programme's governance arrangements was presented to the ARC at the end of 2020</p> |

## Board activity and principal decisions continued

| Decisions                                                      | How Board/Committee has had regard to stakeholder interests                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Stakeholder groups and other section 172 duties considered                                                                                                                                                                                                                        | Principal decision made by our Board/Committees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>COVID-19 solutions and pandemic preparedness investment</b> | <p>The Corporate Responsibility Committee:</p> <ul style="list-style-type: none"> <li>– Considered GSK's approach to COVID-19 solutions with our vaccines, adjuvant, and therapeutics pricing, supply, and allocation</li> <li>– Agreed the proposal to commit profits from the sales of COVID-19 vaccines during the pandemic to investment in pandemic preparedness</li> </ul> <p>The Committee was pleased to agree GSK's COVID-19 solutions' approach and principles: working in partnership, taking a global approach, committing to access, and supporting future pandemic preparedness. This approach seeks to strike a balance between generating economic return by rewarding innovation and investing in our business, while acting responsibly towards our key stakeholders in supporting the global response to the pandemic</p>                                                                                                                                                                                                                                                                                                                       | <p><b>Stakeholders:</b><br/>HCPs, other medical experts, employees, investors, governments, regulators, non-governmental organisations, multilateral organisations, patients and consumers</p>                                                                                    | <p>The Committee recommended, and the Board approved, the proposals because they fully aligned with our purpose, strategy and areas of business focus</p>                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>New environmental sustainability goals</b>                  | <p>The Corporate Responsibility Committee received and considered a proposal to review and develop our existing environmental sustainability targets</p> <p>These ambitious new targets firmly aligned to expectations on environmental sustainability across our key stakeholder groups, with a focus on climate change and damage to nature</p> <p>The Committee agreed that addressing this expectation would positively impact GSK's reputation, employee engagement and equity position, and mitigate our exposure to financial and supply chain risk</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><b>Stakeholders:</b><br/>Investors, employees, governments, regulators, non-governmental organisations and multilateral organisations</p> <p><b>Other s172 duties:</b><br/>Our long-term results, workforce, business relationships, community, environment and reputation</p> | <p>The Committee recommended, and the Board agreed, this step-change in the scale and pace of addressing our impact on the environment by committing to a goal of net zero impact on climate and a positive impact on nature across our value chain by 2030</p> <p>This will contribute to protecting and restoring a healthy planet to improve people's health. By linking these goals to actions to remove carbon, improve biodiversity and restore local water basins, we will demonstrate a 'nature positive' approach, by giving back more than we take</p> |
| <b>Inclusion and diversity</b>                                 | <p>The Corporate Responsibility Committee received and considered a proposal:</p> <ul style="list-style-type: none"> <li>– For greater transparency of employee race and ethnicity data and aspirations in 2021. This supports our aspiration to increase the percentage of our leaders who identify as ethnically diverse</li> <li>– To further increase our global gender aspiration</li> </ul> <p>The Committee noted that:</p> <ul style="list-style-type: none"> <li>– Our strategic commitment to being a modern employer was a key component of the Trust priority, with a strong employee experience being critical to attracting and retaining key talent to deliver our Innovation, Performance and Trust priorities underpinned by culture</li> <li>– As part of our broader efforts in the area of race, ethnicity and gender this proposal was consistent with: <ul style="list-style-type: none"> <li>– Our approach to inclusion and diversity (I&amp;D), which focuses on ensuring our workforce reflects communities in which we work and hire</li> <li>– Disclosing gender diversity data and aspiration setting globally</li> </ul> </li> </ul> | <p><b>Stakeholders:</b><br/>Investors, employees, governments, regulators, non-governmental organisations and multilateral organisations</p> <p><b>Other s172 duties:</b><br/>Our long-term results, workforce, business relationships, community, environment and reputation</p> | <p>The Committee supported the proposal and the Board agreed to:</p> <ul style="list-style-type: none"> <li>– Report employee race and ethnicity data in the 2020 Annual Report, accompanied by our headline aspirational statement</li> <li>– More detailed external disclosure of US and UK data and specific aspirational targets for delivery by the end of 2025</li> <li>– Increase our global gender aspiration for VP and above roles to 45%, or higher, by the end of 2025</li> </ul>                                                                    |

# Our purpose, values and culture

The Board's role is to promote GSK's sustainable success, drive long-term growth for shareholders and add value for stakeholders. Our Strategic report on pages 1 to 76 demonstrates how we work to achieve these goals, while our Corporate Governance report on pages 78 to 110 explains how our governance arrangements support our strategy and Innovation, Performance and Trust priorities underpinned by our culture.

## Our purpose

GSK's purpose is to improve the quality of human life by helping people do more, feel better and live longer. It is underpinned by our values of patient focus, integrity, respect and transparency. Our purpose and values are a source of great pride to our Board, management and employees. They help attract and retain talented individuals who want to be part of a Group that contributes to society. They also strengthen our relationships with each other, and with patients, consumers and other key stakeholders. In doing so, they help us to take new medicines, vaccines and consumer healthcare products to patients and consumers around the world.

## Our culture

The Board is responsible for setting the Group culture, which plays a key role in delivering high standards of business conduct, promoting long-term success and unlocking and protecting value. GSK's expectations of courage, accountability, development and teamwork are fundamental to our culture. In 2020, we continued to make good progress in evolving our culture to increase the pace and performance focus of the way we work, as discussed below.

The Board receives regular updates from GSK's CEO, CSO, CFO, Head of Human Resources and global businesses on our progress in aligning our strategy, performance and values-based culture. It assesses the progress of our culture shift mainly through the results of GSK's regular employee surveys. A culture dashboard tracks four indicators of progress, namely:

- Appointing and promoting the right people
- Leadership capability
- Employee engagement
- Ways of working

The Head of Human Resources regularly updates the Board on progress against these indicators.

The Board further supports GSK's culture change by seeking to appoint and promote the right people, enhancing governance controls and processes to uphold and incentivise the right behaviours, and training and developing employees.

During the year, the Board's discussion of culture centred on employees' experience of GSK and our ways of working, particularly against the backdrop of the COVID-19 pandemic. It also considered our progress in evolving GSK's culture against insights and reflections from key external stakeholders. The Audit & Risk and Corporate Responsibility committees, meanwhile, considered the respective risk and compliance aspects of our culture change and performance in line with our Trust priority.

Culture change in a complex, global organisation such as GSK takes time and sustained effort. The Board recognises that the 'tone from the top' drives a company's culture and that it, and the CET, must be role models, with their words, actions and behaviours setting the template for employees. Board members seek to lead by example. For instance, alongside the rest of the workforce, they take the following key GSK training and awareness modules:

- Living our values and expectations – which explores GSK's values, expectations and culture and their application to our operations and ways of working
- Anti-bribery and corruption
- Inclusion and diversity

The way our people have lived and worked through the COVID-19 pandemic and the crucial role our leaders have played is described on page 10.

The recent race and ethnicity challenges in the US reinforced our focus on inclusion and diversity, a core element of our culture. We are confident of our work to date but realise there is more we can do. Further progress in promoting our inclusion and diversity agenda is set out on page 36 of our Strategic report and page 103 of the Corporate Responsibility Committee Chair's report.

Our Code of Conduct embodies our values and expectations. It is kept under review by the Board and is refreshed regularly. It is available on [gsk.com](https://www.gsk.com).

Our corporate standards and employee policies are aligned to our values and expectations. They include our long-standing Speak Up arrangements, which enable employees to raise matters confidentially or anonymously without fear of reprisal. The Board, through the Audit & Risk Committee, reviews Speak Up reports provided by GSK's Global Ethics and Compliance (GEC) team. Our Speak Up channels and reports are managed by an independent third party, with cases then investigated by GEC.

For more details on how we enable our culture change and invest in and reward our workforce see pages 10 and 36.

# The Board's approach to engagement

GSK's engagement with our main stakeholder groups – including patients, shareholders, consumers, customers and employees – at all levels of the organisation and across the enterprise is summarised on pages 16 and 17 of our Strategic report.

The way the Board considered key stakeholders' interests in its discussions and decision making in 2020 is set out below. For a holistic view of how the Board discharges this duty, this should be read in conjunction with the:

- Section 172 statement on page 108, and the areas it cross-references in this Annual Report
- Principal decisions made by the Board and its Committees, on pages 88 and 89

Our stakeholders, quite rightly, have high expectations of us. Our dynamic operating environment presents many challenges and opportunities. In responding to such prospects, the Board seeks to ensure that, as well as remaining commercially successful, we meet stakeholders' expectations and uphold our reputation, maintain our licence to operate, and build trust. To ensure that we identify and respond to their expectations effectively, the Board engages with many stakeholders directly, as well as by other means.

The influence and importance of different stakeholder groups can vary, depending on the matter being considered. Indeed, different stakeholders' interests can be in conflict, requiring balanced judgment by the Board.

Stakeholder engagement and feedback helps us identify emerging issues. It enables the Board to consider GSK's activities in the context of what is relevant and important to stakeholders, so ensuring we deliver our purpose, and advance towards our goal of becoming one of the world's most innovative, best-performing and trusted healthcare companies.

Our principal Board Committees, and the CET, have delegated powers. This enables them to build detailed understanding of the impacts of the company's actions or plans on stakeholders through engagement briefings. These insights are then shared with the Board as appropriate.

The Board primarily receives intelligence on stakeholder perspectives from the work of the Corporate Responsibility Committee, which is covered on page 102.

To further improve their understanding of stakeholder matters, Board members are encouraged to meet individually with employees, shareholders and other key stakeholders, during their induction and afterwards on an ongoing basis. They are encouraged to report to the Board on such experiences where relevant and material.

The Board also learned of stakeholder views in 2020 from:

- The CEO's Board Reports
- Monthly stakeholder perception reports
- Business updates
- Reactions to GSK's COVID-19 response built around People, Business Continuity and Solutions

- Key stakeholder perspectives at the Board and CET strategy day
- Business development analysis and justifications
- Board and Committee evaluations
- Remuneration policy reviews and the wider workforce pay perspective
- Culture and succession planning updates
- Workforce Engagement Director updates
- Annual Governance Meeting
- Annual General Meeting
- Employee survey reports
- Briefings during Annual Strategy meetings
- The Annual Budget and Business planning process
- Corporate governance and regulatory development updates

## Our workforce

We have well established and strong engagement mechanisms with our colleagues, as described on page 10 and 16. Two key governance channels help communicate the workforce's views to the Boardroom:

- Feedback from GSK's global employee survey
- The work of our Workforce Engagement Director, Dr Vivienne Cox, who regularly gathers and explains colleagues' views to the Board, as she outlines overleaf

The Chairman and other Non-Executive Directors also regularly meet employees around the Group and report back to the Board.

The overall employee engagement score from our global employee survey is one of our operating key performance indicators, and is published on page 10. This year's survey was conducted in spring 2020 against the backdrop of the intensifying COVID-19 crisis and significant business change. It resulted in an engagement score of 84%, the highest since the survey's 2012 inception and an increase of 6% since the previous survey in September 2019.

The Board was very pleased to see improvements in survey scores across each of our Innovation, Performance and Trust priorities powered by culture. These revealed the following trends in employee sentiment:

- **Purpose: Deeper connection to our purpose and the patient/consumer.** Positive changes in our culture are contributing to a more engaged, productive and happy workforce, and stronger performance. Employee feedback was very consistent on these key benefits, with a general agreement that the workforce contribution was being recognised. There was strong support for the rationale behind GSK's COVID-19 response, with its emphasis on People, Business Continuity and Solutions while retaining focus on critical Innovation, Performance and Trust priorities powered by culture

## The Board's approach to engagement continued

– **Performance: Leader-driven care for our people:** Our employees generally felt valued, supported and respected during the crisis, which helped them form stronger connections to their leaders and each other. They appreciated the greater regularity of communication, and its open, honest and more informal style

By necessity, our employees were much more flexible in how they got their jobs done, with many working around commitments at home. They reacted well to leaders' openness in sharing their own challenges and to support for more flexible working patterns. There was similar appreciation for the company's flexibility around childcare needs and holidays, and the support for employee health and wellbeing

This led to a new Performance with Choice initiative, which enables a combination of face-to-face collaboration and digital working. The first wave of participants to sign up for the initiative were office-based employees (including office workers in laboratories and factories) who do not need to be on-site. In setting their new work parameters, employees worked with their managers on how and where they work, in line with their 2021 objectives, performance requirements, and wider team preferences

– **Clear accountabilities and pace:** There was also a positive recognition that management were assembling the right teams with appropriate expertise irrespective of where, or at what level, people were in the company, to respond rapidly and collaboratively to fast-changing issues and opportunities

### Workforce Engagement Director

It is now two years since I became GSK's first Workforce Engagement Director, a role which has been my privilege to carry out. I have very much enjoyed meeting with a wide variety of employees across the Group in different businesses and geographies.

A plan of visits had been agreed for the year. However, due to COVID-19, we needed to be more creative and embraced technology and switched to virtual meetings. Nonetheless, the meetings were very insightful and provided helpful employee perspectives on our progress and the evolution of GSK's culture.

The year's schedule included Let's Talk sessions with teams of employees from Oncology US Commercial, Consumer Healthcare R&D and Marketing, Artificial Intelligence and Machine Learning in R&D and Development R&D as well as a dialogue with the Race and Ethnicity Employee Resource Groups. Finally, I observed the Annual Senior Leaders virtual meeting.

The Let's Talk sessions are a well-established virtual employee voice channel – to have direct conversations. Before each session, I received a briefing from the business and the Head of Human Resources. This included workforce data and GSK survey data and insights on the business I was meeting, in the context of the business as a whole and our wider group.

The Let's Talk sessions followed a consistent format that enabled me to directly compare feedback gathered from different parts of the workforce during the year. Participants represented a diverse cross-section of the employees within each team. I was keen to hear both from employees who have been with us for some time and those who were new to the company and could bring recent perspectives, to compare GSK to other organisations they have experienced.

I introduced myself and my role, explained why I am passionate about employee engagement, the purpose of the conversation and what I would do with the feedback. The ground rules were managed in line with our values and expectations to ensure participants were comfortable to express their anonymised views. I kept the groups small, so that I could get to know the participants and encourage them to share their views.

After the session, I then synthesised this feedback into a non-attributed report for the next Board meeting.

Last October, the Chairman and I had the pleasure to meet virtually with leaders and members of GSK's Race and Ethnicity Employee Resource Groups. We talked about the Board's support for the CEO's ambition and actions to improve inclusion and diversity. It was a wide-ranging conversation. In particular, we discussed the commitment to be more transparent about the ethnic representation of our workforce and leadership, and to set public aspirational targets to focus everyone at GSK on improving this ratio. For further details on the company's inclusion and diversity work and the newly published aspirations see page 36. As I develop my role, I aim to incorporate an annual discussion with a selection of GSK's Employee Resource Groups.

I am pleased to report that, in general, the employees I have met are broadly supportive of GSK's culture changes and the key benefits delivered. They value the advantages of working for a large company with a strong purpose. The company's response to the COVID-19 crisis received particular support. However, as many of the workforce continue to deal with the challenges of working remotely, I will continue to enquire how they are staying resilient, motivated and mentally well.

Some employees have raised the impact of restructurings. There was excitement about the opportunities that the separation into two companies could bring, but there was also some natural trepidation, which is understandable. COVID-19 permitting I hope to be able to engage with employees face-to-face sometime during 2021. In the meantime, the virtual route is enabling me to carry out my role. I look forward to continuing to provide a platform for employees' views and perspectives in the Boardroom.

**Dr Vivienne Cox**  
Non-Executive Director



## The Board's approach to engagement continued

### Our shareholders

The Board seeks to directly engage with private retail and institutional shareholders in several ways. These include regular communications, the AGM and our Annual Governance Meeting, and via the work of our Investor Relations team, the Chairman, Sir Jonathan Symonds, and our Company Secretary, Victoria Whyte.

During the year, our CEO, Emma Walmsley, and CFO, Iain Mackay, also gave quarterly results presentations to institutional investors, analysts and the media by webcast teleconference. These are available on GSK.com.

Emma and Iain conduct a continual and active dialogue with institutional shareholders on our performance, plans and objectives through regular meetings. In 2020, Emma held 42 individual meetings with major shareholders and hosted 27 group meetings with actual and potential major shareholders. Meanwhile, Iain held 58 individual meetings and 28 group meetings.

Jon maintains an active dialogue with our shareholders – including fund and portfolio managers – as well as seeing governance professionals. This enables him to build a full picture of major shareholders' insights and perspectives on GSK. Following his introductory meetings in 2019, he held more than 16 general catch-up meetings with a range of investors, comprising approximately a third of the company's share register.

#### Annual Governance Meeting

The Board holds an Annual Governance Meeting with institutional shareholders, key investment industry bodies and proxy advisory firms.

This year, due to COVID-19, the Chairman hosted a virtual event in December. He was joined by our Senior Independent Director, Workforce Engagement Director, Committee Chairs and GSK's external audit partner. We shared the following key information with investors:

- Changes to the Board and its Committees and the increased focus on Board imperatives and management oversight
- The increased importance of the Corporate Responsibility and Science committees
- The strong Board oversight of progress towards separation via the Transformation & Separation Committee
- Thoughtful and rapid response to COVID-19, focusing on employees, business as usual activities, and potential treatments and vaccines
- Employee feedback on how positive changes in GSK's culture appear to be supporting a more engaged, productive and happy workforce, and stronger performance
- The continued evolution of GSK's approach to environmental, social and governance (ESG) matters, with the emphasis on social and ESG reporting
- GSK's modern employer approach, including its focus on inclusion and diversity, and the response of the Board and organisation to these issues

- A holistic view of the work, relationships and future focus of the Audit & Risk Committee

- To discuss our Remuneration policy, practices and proposals

The meeting was well received, with thoughtful and incisive questions being put to the attending Board members and GSK's external audit partner. Shareholder feedback was shared subsequently with the rest of the Board.

This year, as usual, the Annual Governance Meeting slides were available on gsk.com after the event.

#### Annual General Meeting

This year our AGM in May 2021 will be held at our registered office due to COVID-19 restrictions on public gatherings. We will broadcast the AGM and all shareholders are invited to join, ask questions and vote at the meeting, all electronically. Further details can be found on page 279.

Unfortunately, due to the COVID-19 pandemic, we were unable to hold our 2020 AGM as planned. We held it instead at our registered office as a closed meeting attended by the Chairman and Company Secretary. This was in line with the minimum quorum for our shareholder meetings and the UK Government's lockdown requirements. Other Board members joined by telephone. While this was not an ideal AGM format, our priority was to protect our shareholders, employees and the Board, and uphold GSK's governance, so we could continue to provide healthcare to patients in need.

We wrote to shareholders in early April 2020 to explain these arrangements and to encourage them to submit proxy votes. Our responses to shareholder questions submitted in advance of our AGM were published on our website. All our proposed resolutions were approved by shareholders, with majorities ranging from 88% to 99%.

The Board was very keen to provide a channel for meaningful engagement with shareholders, as it would at a conventional GSK AGM. It therefore held a shareholder webcast immediately after the meeting, attended by all Board members. During the webcast, our Chairman and CEO gave updates, after which shareholders were able to question the Chairman, CEO, CFO and CSO. Questions could also be lodged for other Board members, for them to answer afterwards.

The webcast offered all shareholders, including those who could not ordinarily attend our AGM, an opportunity to engage with our Board. Shareholders could join by telephone or online, with answers being given to a broad range of their questions, including some submitted in advance. A recording of the webcast and a Q&A summary are available on GSK.com.

# Board performance

The Board evaluates its performance, and that of its Committees, every year. The evaluation is normally carried out externally every third year, with the last one being facilitated in 2019 by Jan Hall of No 4, a business advisory company which does not have any other connection with GSK. The Board felt it would be helpful for No 4 to conduct the 2020 evaluation to check progress on the implementation of the key measures agreed by the Board after the previous year's review.

## Preparation

No 4 met with the Chairman in advance of the evaluation, for an update on how the Board is operating and GSK's future priorities, and to agree the review's objectives, scope and timetable. The Company Secretary also provided No 4 with advance access to Board and Committee materials, and other information.

## Interviews

During November and December 2020, No 4 conducted confidential and detailed virtual interviews with the Board, selected CET members, the Company Secretary, GSK's external auditor and our independent remuneration adviser, to seek their views on the Board's effectiveness. These meetings reflected an agreed discussion guideline that was sent to each participant beforehand. This included key topics from the Financial Reporting Council's 2018 Guidance on Board Effectiveness and the relevant requirements of its 2018 UK Corporate Governance Code, although this did not limit the feedback each participant could give.

## Review

The Review sought to focus on progress made against what the Board focused on for 2021 and to continue to evolve for the successful delivery of two companies at separation and beyond. The evaluation results and suggested next steps were included in a summary report, compiled by No 4 and discussed initially with the Chairman, CEO and the Senior Independent Director (SID). The Review was presented to the Board in December 2020 which covered the following main areas of effectiveness review:

- Overall review of the Board
- Board organisation, agenda and information
- Board dynamics, challenge and input
- Future strategy development and
- Performance delivery

The Review also highlighted proposals for the Board and its Committees to better explore and resolve the 'tough questions', which would be at the heart of making the Board even more effective.

## Action points

At the meeting to review the evaluation, the Board split into three groups with an appropriate mix of Executive and Non-Executive Directors to review and consider the report. After due consideration and discussion the following action points to further improve performance in 2021 were agreed:

- Consideration had and would continue to be given to stop any unnecessary tasks to free more time to focus on the priorities with the pre-condition that creating shareholder value was of prime importance
- Consideration would also be given to making the best use of the Board's time during virtual meetings and incorporating opportunities for 'unstructured discussions' where possible
- The Board would continue to discuss the approach to separation during the course of the year
- The Science Committee would look to further deepen its understanding of how R&D's resources were allocated
- There was a desire to further enhance root cause analysis that was undertaken when incidents or issues occurred. This was to ensure they could be avoided in the future and as part of the Group's approach to further improving performance

## Board Committees

The review of the Board committees focused on their progress in embedding enhanced ways of working, that had been agreed after No 4's 2019 review of the Board's governance and architecture. It involved virtual interviews with Committee members conducted by No 4 on behalf of the respective Committee Chairs. Each Committee was considered to operate effectively. To maintain optimal effectiveness, the Committee Chairs were mindful of continuing to prepare full oral reports to update the whole Board on their work as appropriate. The important issues would be highlighted for comment.

## Chairman

The SID and No 4 sought feedback on the Chairman's performance from the Directors individually and collectively. The results of the effectiveness review were then noted by No 4 and discussed by the Chairman and the SID.

## Board performance continued

### Progress on 2019 Board evaluation

Progress against the conclusions of the 2019 Board evaluation review is set out below.

| Areas of focus for 2020                                                                                                                                                                                                                                                                                                                                                                                                                | Progress/Achievements                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Meetings and organisation</b><br/>To improve the balance between presentation and discussion to create more time for debate</p>                                                                                                                                                                                                                                                                                                  | Board and Committee presentations are organised around a brief summary of the key issues and questions to be addressed, so the majority of the allotted time is given over to Q&As, discussion and decisions                                                                                                                                                                                                                                     |
| <p><b>Board dynamics and individual contributions</b><br/>To facilitate even greater individual contributions by creating more discussion time</p>                                                                                                                                                                                                                                                                                     | Board and Committee agendas, papers and presentations have been further evolved and organised to allow more time for Board members to provide insights and perspectives on matters critical to Board priorities                                                                                                                                                                                                                                  |
| <p><b>Committees</b><br/>To review the remit and attendees at the Board's Committee meetings to ensure they are fit for purpose for 2020 and beyond</p>                                                                                                                                                                                                                                                                                | Board Committee terms of reference were updated and a new Transformation & Separation Committee was established by the Board in March 2020                                                                                                                                                                                                                                                                                                       |
| <p><b>Risk</b><br/>To agree which Board Committee will ensure deeper oversight and review of each of the Group's enterprise risks</p>                                                                                                                                                                                                                                                                                                  | This exercise was completed by the Board. The terms of reference of the relevant Board Committee were updated to reflect the agreed reallocation of enterprise risk oversight responsibilities                                                                                                                                                                                                                                                   |
| <p><b>Strategy and performance</b><br/>To conduct deep dives into the key strategic areas and ensure a focus on supporting management to execute the agreed strategy</p>                                                                                                                                                                                                                                                               | Board and Committee agendas have been organised to emphasise and allocate time for discussing 'mission critical' input and decision papers, to reinforce the focus on strategic execution                                                                                                                                                                                                                                                        |
| <p><b>Board knowledge</b><br/>To deepen the Board's knowledge and understanding of the latest scientific developments</p>                                                                                                                                                                                                                                                                                                              | The Board benefitted from greater insight into GSK's R&D strategy from several R&D science theme deep dives during the year, specifically human genetics, COVID-19 vaccines, mRNA technology and AI and ML                                                                                                                                                                                                                                       |
| <p><b>Stakeholders</b><br/>Within the business, the Board should continue to focus on the key areas of focus for the CET, namely: strengthening the R&amp;D pipeline, growth, transformation and delivery of GSK's Trust business priority<br/><br/>Externally, it should maintain strong relationships and communication with shareholders and other key stakeholders to seek their input and keep them well informed on progress</p> | <p>The Board is aligned with the CET on delivering these mission critical items for the benefit of all our key stakeholders</p> <p>For more information on this continuing area of focus, see page 16</p>                                                                                                                                                                                                                                        |
| <p><b>Succession planning</b><br/>To complete the appointment of the Audit &amp; Risk Committee (ARC) Chair's successor</p>                                                                                                                                                                                                                                                                                                            | Charles Bancroft joined the Board and the ARC on 1 May 2020. He will succeed Judy Lewent as ARC Chair in March 2021, after this Annual Report is published                                                                                                                                                                                                                                                                                       |
| <p><b>Governance</b><br/>To build further on GSK's commitment to environmental, social and governance (ESG) matters</p>                                                                                                                                                                                                                                                                                                                | <p>The Board approved, and the company announced, ambitious new environmental sustainability goals: to have a net zero impact on climate and a net positive impact on nature by 2030</p> <p>A search has been undertaken to seek a successor to Lynn Elsenhans, as Chair of the Corporate Responsibility Committee, Lynn has agreed to serve for another year until she retires from the Board in May 2022. See page 105 for further details</p> |

# Board Committee information

Each Board committee has written terms of reference which have been approved by the Board and are reviewed at least annually to ensure that they comply with the latest legal and regulatory requirements and reflect best practice developments. The following is a summary of the role of each Committee and lists its membership. The current full terms of reference of each Board Committee are available on gsk.com. The number of Committee meetings and Committee members' attendance are described on page 85.

Details of Committee members' skills and experience are included in their biographies under 'The Board' on pages 81 to 82. In accordance with the FRC's 2018 Code, the Board has determined that Judy Lewent and Charles Bancroft have recent and relevant financial experience. It has also agreed that they both have the appropriate qualifications and background to be audit committee financial experts as defined by the Sarbanes-Oxley Act of 2002, and has determined that they are independent within the meaning of the Securities Exchange Act of 1934, as amended.

| Board Committee                                                          | Role                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Membership comprises                                                                                                                           | Board committee report on page |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Audit &amp; Risk</b>                                                  | <p>Reviews the financial reporting process, the integrity of the company's financial statements, the external and internal audit process, the system of internal control and the identification and management of risks, and the company's process for monitoring compliance with laws, regulations and ethical codes of practice</p> <p>Initiates audit tenders, the selection and appointment of the external auditor, setting their remuneration and exercising oversight of their work</p>                                                                                                                                                                                                                               | <p>Judy Lewent (Chair)<br/>Charles Bancroft (from 1 May 2020)<br/>Vindi Banga<br/>Lynn Elsenhans<br/>Dr Laurie Glimcher</p>                    | 97-102                         |
| <b>Corporate Responsibility</b>                                          | <p>Considers GSK's Trust priority and oversight of progress against the associated Trust commitments which reflect the most important issues for responsible and sustainable business growth. It has oversight of the views and interests of our internal and external stakeholders and reviews issues that have the potential for serious impact upon GSK's business and reputation</p>                                                                                                                                                                                                                                                                                                                                     | <p>Lynn Elsenhans (Chair)<br/>Dr Vivienne Cox<br/>Dr Jesse Goodman</p>                                                                         | 102-103                        |
| <b>Science</b>                                                           | <p>Supports the Board in its understanding of the key strategic themes, upon which the company's R&amp;D strategy is based, and of any external transactions, by performing in depth reviews of the underlying scientific assumptions to give the Board technical assurance. It also undertakes more in depth risk oversight of R&amp;D related risks</p>                                                                                                                                                                                                                                                                                                                                                                    | <p>Dr Jesse Goodman (Chair)<br/>Dr Laurie Glimcher<br/>Judy Lewent</p>                                                                         | 104-105                        |
| <b>Nominations &amp; Corporate Governance</b>                            | <p>Reviews the structure, size and composition of the Board, the appointment of members to Board committees and the appointment of Corporate Officers and makes recommendations to the Board as appropriate. It plans and assesses orderly succession for Executive and Non-Executive directors and reviews management's Succession Plan to ensure its adequacy</p> <p>Is responsible for reporting to the Board, overseeing and monitoring corporate governance arrangements and for making recommendations to the Board to ensure the company's standards and arrangements are consistent with existing corporate governance standards and emerging best practice. It also reviews the company's conflicts of interest</p> | <p>Sir Jonathan Symonds (Chair)<br/>Vindi Banga<br/>Lynn Elsenhans<br/>Judy Lewent<br/>Urs Rohner</p>                                          | 105-106                        |
| <b>Transformation &amp; Separation</b><br>(Established on 12 March 2020) | <p>Advises and assists the Board on the transformation and separation of the company and oversees the associated risks in separating the Group into Biopharma and Consumer Healthcare companies</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Sir Jonathan Symonds (Chair)<br/>Charles Bancroft<br/>Dr Vivienne Cox<br/>Vindi Banga<br/>Lynn Elsenhans<br/>Judy Lewent<br/>Urs Rohner</p> | 107                            |
| <b>Remuneration</b>                                                      | <p>Sets the company's remuneration policy having regard to GSK's workforce remuneration so that GSK is able to recruit, retain and motivate its executives</p> <p>The Remuneration policy is regularly reviewed to ensure that it is consistent with the company's scale and scope of operations, supports the business strategy and growth plans, is aligned to the wider workforce and helps drive the creation of shareholder value</p> <p>(The Chairman and the CEO are responsible for evaluating and making recommendations to the Board on the remuneration of Non-Executive Directors)</p>                                                                                                                           | <p>Urs Rohner (Chair)<br/>Vindi Banga<br/>Dr Vivienne Cox<br/>Judy Lewent</p>                                                                  | 111-138                        |

# Our Board Committee reports

## Audit & Risk Committee report

### Judy Lewent

#### Audit & Risk Committee

I am pleased to present this report, which will be my ninth and final one as Chair of the Audit & Risk Committee (the Committee). In 2020, the Committee worked largely to a recurring and structured programme of activities, which understandably included the impacts of the COVID-19 pandemic. I devised this programme with the Company Secretary and agree its content with management and the external auditor at the start of each year. It is adapted as appropriate as the year progresses. A breakdown of these activities and their areas of focus is available on [gsk.com](https://www.gsk.com). In the following pages, I aim to share insights into the activities undertaken or overseen by the Committee during the year.

#### Financial reporting and controls

The integrity of GSK's financial statements, including the Annual Report and quarterly results announcements, is an enduring key focus for the Committee. The Committee's position has always been to aim for clear and transparent financial disclosure in our financial reporting.

In 2020, our 2019 Annual Report was published before the COVID-19 crisis and its impacts had fully unfolded. However, at the first signs that COVID-19 was spreading to several countries we closely monitored its potential impact on the production of our results. A number of key measures were taken by our Finance team and these were presented to the Committee. It was pleased that the financial reporting and controls framework remained robust and did not require any fundamental changes beyond taking some targeted adjustments to ensure that our control framework continued to operate effectively through to the close of our first quarter results and beyond.

These adjustments for our first quarter results included:

- Adapting and deploying Finance's crisis management response through the formation of a One Finance Issues Management Taskforce to address and deliver on the critical areas for the Finance organisation
- Delivering our results on time and to schedule with almost all of the Finance teams (and our third-party partners) working from home
- Reviewing accounting considerations as a result of the COVID-19 impact, which resulted in additional proposed disclosures that the Committee considered and approved, while adopting and applying guidance issued by the Financial Reporting Council (FRC)

- Working on a plan for the rest of 2020 to deliver business as usual standards and to incorporate the learnings from the measures taken during first quarter process into this plan. This plan was reviewed by the Committee in the first quarter and throughout the year and up to the approval of this Report. I am pleased to confirm that its effective operation by Finance has helped deliver smooth second and third quarterly results and has continued to provide a stable reporting and controls platform through to the 2020 financial year end

As part of the Committee's role in assessing the effectiveness of the internal controls over financial reporting, the Committee continues to obtain regular updates on the progress of strengthening information technology processes and their associated infrastructure, especially around user access management. There are appropriate mitigating technology and business controls in place, while these processes are strengthened.

As usual, the Committee was diligent in reviewing throughout the year the appropriateness of our guidance, balancing the developments in the external environment and advising the Board accordingly.

**External audit:** The impact of COVID-19 on the audit of the company from the onset of the crisis was assessed by the external auditor, discussed with management and reported to the Committee. There has not been any significant disruption to its audit process or timetable. This was monitored closely by the external auditor and the Committee throughout the year. The Committee has continued to discuss the insights the external auditor has provided from the use of analytical tools and technology to help improve and accelerate the delivery of its audit work.

**Significant issues:** The Committee and the external auditor discuss the significant issues in relation to the financial statements that the Committee considers periodically through the year and areas of particular audit focus. There is a high degree of alignment between the Committee and the external auditor over these areas of attention which are set out in their disclosures on pages 142 to 153.

**Internal audit:** The Audit & Assurance (A&A) team has adapted its assurance work to take account of the changing business challenges and travel restrictions arising from COVID-19. The A&A team regularly updated the Committee on progress against its agreed schedule of 2020 audits and values assurance reviews.

As the new ways of working become more settled, we anticipate that there will be more opportunities for A&A to effectively perform assurance activities remotely, particularly where the audit covers end to end processes that they can access through technology. This will most likely apply to the company's Finance, Tech and R&D processes.

## Our Board Committee reports continued

### SFI and HCP changes

We are continuing to consider the rationale around and test the robust governance arrangements underpinning incremental changes to our Sales Force Incentive (SFI) Programme and Healthcare Care Professional Engagement (HCP) policy. These resulted from GSK's growing innovative Specialty care products, such as Oncology, and the progress in building our Specialty capability to transform our interactions with HCPs.

In 2018, limited updates were made to our HCP policy and in my Committee report in the 2019 Annual Report, I described the Committee's scrutiny of and recommendation to the Board to make limited changes to our SFI programme, to:

- ensure we can attract and retain best sales force talent;
- enhance the quality of our dialogue with our HCPs; and
- hence better serve our patients.

We believe these changes were necessary to secure growth for the company, deliver on our strategic priorities and act in the best interests of our patients, shareholders and other stakeholders.

During 2020, in a further evolution of our commercial model, the Committee has considered SFI and HCP policy changes in China to support our innovative product launches and competitiveness in that country.

The Committee devoted a significant portion of its time setting out robust governance arrangements to underpin these changes in China, including real-time monitoring/advanced data analytics, that uphold our ethical and values-led approach to HCP engagement. In addition, a Non-Executive Director briefing workshop was held as part of the Committee's consideration process. This enabled the Board to meet the China Pharmaceuticals Leadership Team and discuss the country's commercial policy, risk management and compliance culture.

There has been a further roll-out of SFI and HCP policy changes into other carefully selected markets. To safeguard key stakeholder interests, the SFI programme is being implemented in China and selected other markets in a controlled way following clear stage-gated phases. These steps are kept under review by management and the Committee.

The Committee has emphasised that the risk of unethical behaviour by sales teams is one that needs to be monitored closely and comprehensive risk mitigation plans are in place too. As part of the ongoing development of the programme, the Committee seeks to adopt where possible best practice guidelines for effective compliance programmes. Changes to the SFI programme are underpinned by robust internal controls which will continue to be a significant focus for the Committee given the associated risks. We know we need to act swiftly if things do not go as expected.

Fundamental to the success of the continued evolution of this new programme is strong leadership to drive our culture of Performance with Trust. This is enforced and measured with our governance controls and a zero tolerance for abuse.

### Risk management, Internal controls and Enterprise risks

GSK has a well-established and mature risk management and internal control framework which is described on page 99. The Committee continues to scrutinise the operation of this framework. It also reviews refinements that management proposes to the framework to ensure it remains fit for purpose. This further complements matters identified and managed as part of the work of the Global Issues Management Team which reports to the CET.

**Data analytics and key risk indicators:** Global Ethics & Compliance (GEC) has introduced key risk indicators (KRIs) for all our enterprise risks with quarterly reporting of out of tolerance KRIs to our Risk Oversight and Compliance Council (ROCC). In addition, risks and mitigations relating to COVID-19 were incorporated within our most significant risks. GEC has also hired data analytics specialists and enhanced data mining tools into its team to further enhance our use of data analytics in our A&A and Independent Business monitoring groups.

**Emerging risks:** To help guide the Committee's emerging risk discussions at each meeting, a summary of particular areas of focus for the ROCC from its most recent meeting is shared with Committee members so that they have the most up-to-date risk information in front of them.

**Cyber security resilience:** GSK's information protection risk is one of our principal enterprise risks and, due to its criticality to the business, the Committee has continued to receive quarterly updates as it monitors closely the ongoing work to manage this continuously evolving risk. Indeed, its relevance has been even more acute during the COVID-19 pandemic, which in less than a week resulted in our entire office-based workforce moving to a "work-from-home" model. In addition, information security risks increased as a result of increased malicious email and malware targeting GSK through phishing and other forms of social engineering which our Tech organisation were able to successfully combat. Further contextual details and the mitigation activities that the Committee has overseen during the year are given on page 273.

Although the Committee had recognised that COVID-19 had provided some unique information security challenges and threats, it also created some significant opportunities to advance the security of the company.

## Our Board Committee reports continued

### Internal control framework

Our Board recognises its obligation to present a fair, balanced and diligent assessment of GSK's current position and prospects. Reflecting this responsibility, it is accountable for evaluating and approving the effectiveness of GSK's internal controls, including financial, operational and compliance controls, and risk management processes.

We ensure the reliability of our financial reporting, and compliance with laws and regulations, through our internal control framework. This is a comprehensive enterprise-wide risk management model which supports the Board's continuous identification, evaluation and management of the Group's principal risks, as required by the FRC's 2018 Code. The framework is designed to manage the risk of us not achieving our business objectives.

A fit-for-purpose framework – complemented by our corporate values, expectations and Speak Up processes – ensures that the risks associated with our business activities are actively and effectively controlled in line with our agreed risk appetite. We believe GSK's framework provides reasonable, but not absolute, assurance against material misstatement or loss.

The Board mandates the Group's ROCC of senior leaders to assist the Committee in overseeing risk management and internal control activities. It also provides the business with a framework for risk management and upward escalation of significant risks. Each business unit has a risk board structure which reports to the ROCC. Our business unit Risk Management and Compliance Boards (RMCBs) are responsible for promoting the local tone from the top and risk culture, as well as ensuring effective oversight of internal controls and risk management processes.

Each principal risk has an assigned risk owner, drawn from senior management, who is accountable for managing his/her principal risk, including setting and implementing risk mitigation plans. They report annually on their respective risk management approach and progress to the ROCC and the Committee. Our GEC function assists the ROCC and RMCBs. GEC is responsible for advancing enterprise-wide risk management and for developing risk-based and ethically sound working practices. It also actively promotes ethical behaviours by enabling all employees to operate in line with our values and comply with applicable laws and regulations.

Our A&A function provides independent assurance to senior management and the Board on the effectiveness of risk management Group-wide, in line with an agreed assurance plan. This helps senior management and the Board to meet their oversight and advisory responsibilities in fulfilling GSK's strategic objectives and building trust with patients and other stakeholders. A&A has a dual reporting line to our CFO and the Committee.

The Committee receives regular reports from business units, principal risk owners, GEC and A&A on areas of significant risk to the Group and on related internal controls. These reports assess the internal control environment within each principal risk area, including enhancements to strengthen controls. Following consideration of these reports, the Committee reports annually to the Board on the effectiveness of GSK's internal controls.

In 2020, through the authority delegated to the Committee, the Board conducted a robust assessment of the Group's principal risks. This assessment, which was in line with the FRC's 2018 Code, included consideration of the nature and extent of risk the Board is willing to take in achieving GSK's strategic objectives.

The Board, via the Committee, also oversaw the effectiveness of our internal control environment and risk management processes across the Group for the whole year, up to the approval date of this Annual Report.

GSK's internal control framework and risk management governance structure is illustrated graphically on [gsk.com](http://gsk.com).

A review of the Group's risk management approach is further discussed in the 'Risk management' section of the Strategic report on pages 43 to 49. Our management of each principal risk is explained in 'Principal risks and uncertainties' on pages 261 to 275. The Group's viability is discussed in the Group risk management section of the Strategic report on page 48.

## Our Board Committee reports continued

### Significant issues relating to the financial statements

In considering GSK's quarterly financial results announcements and the financial results in the 2020 Annual Report, the Committee reviewed the significant issues and management judgements in determining those results. It reviewed management papers setting out the key areas of risk, actions taken to quantify the effects of the relevant issues, and judgements made by management on the appropriate accounting required to address those issues in the financial statements.

The significant issues considered in relation to the financial statements for the year ended 31 December 2020 are set out in the following table, with a summary of the financial outcomes where appropriate. The Committee and the external auditor have discussed the significant issues addressed by the Committee during the year and the areas of particular audit focus, as described in the Independent Auditor's Report on pages 142 to 153.

| Significant issues considered by the Committee in relation to the financial statements              | How the issue was addressed by the Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Going concern basis for the preparation of the financial statements</b>                          | The Committee considered the outcome of management's half-yearly and year end reviews of current and forecast net debt positions and the various financing facilities and options available to the Group. The Committee also considered management's review of the current and longer-term impacts of the COVID-19 pandemic, at the outbreak of the pandemic and at the year end. Following consideration of these assessments, which included stress testing and viability scenarios, sources of liquidity and funding, forecasts and estimates, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate. |
| <b>Revenue recognition, including returns and rebates (RAR) accruals</b>                            | The Committee reviewed management's approach to the timing of recognition of revenue and accruals for customer returns and rebates. The US Pharmaceuticals and Vaccines accrual for returns and rebates was £4.7 billion at 31 December 2020 and the Committee reviewed the basis on which the accrual had been made and concurred with management's judgements on the amounts involved. A fuller description of the process operated in the US Pharmaceuticals and Vaccines business in determining the level of accrual necessary is set out in 'Critical accounting policies' on page 75.                                                                                                           |
| <b>Provisions for legal matters, including investigations into the Group's commercial practices</b> | The Committee received detailed reports on actual and potential litigation from both internal and external legal counsel, together with a number of detailed updates on investigations into the Group's commercial practices. Management outlined the levels of provision and corresponding disclosure considered necessary in respect of potential adverse litigation outcomes and also those areas where it was not yet possible to determine if a provision was necessary, or its amount. At 31 December 2020, the provision for legal matters was £0.3 billion, as set out in Note 31 to the financial statements, 'Other provisions'.                                                             |
| <b>Provisions for uncertain tax positions</b>                                                       | The Committee considered current tax disputes and areas of potential risk and concurred with management's judgement on the levels of tax contingencies required. At 31 December 2020, a tax payable liability of £0.7 billion, including provisions for uncertain tax positions, was recognised on the Group's balance sheet.                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Impairments of intangible assets</b>                                                             | The Committee reviewed management's process for reviewing and testing goodwill and other intangible assets for potential impairment. The Committee accepted management's judgements on the intangible assets that required writing down and the resulting impairment charge of £293 million in 2020. See Note 20 to the financial statements, 'Other intangible assets' for more details.                                                                                                                                                                                                                                                                                                              |
| <b>Valuation of contingent consideration in relation to ViiV Healthcare</b>                         | The Committee considered management's judgement that it was necessary to increase the liability to pay contingent consideration as a result of increases in sales forecasts as well as the unwind of the discount and updated exchange rate assumptions. After cash payments of nearly £0.9 billion in the year, at 31 December 2020, the Groups' Balance sheet included a contingent consideration liability of £5.4 billion in relation to ViiV Healthcare. See Note 32 to the financial statements, 'Contingent consideration liabilities' for more details.                                                                                                                                        |
| <b>ViiV Healthcare put option</b>                                                                   | The Committee reviewed and agreed the accounting for the Pfizer put option and concurred with management's judgement on the valuation of the put option of £1.0 billion at 31 December 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |



## Our Board Committee reports continued

### Auditor's reappointment

#### External auditor

##### External auditor appointment

|                                               |                              |
|-----------------------------------------------|------------------------------|
| Last tender                                   | May – December 2016          |
| Transition year                               | 2017                         |
| First shareholder approval of current auditor | May 2018                     |
| First audited Annual Report and 20-F          | Year ending 31 December 2018 |
| Next audit tender required by regulations     | 2026                         |

There were no contractual or similar obligations restricting the Group's choice of external auditor. The Committee considers that during 2020 the company complied with the mandatory audit processes and audit committee responsibility provisions of the Competition and Markets Authority Statutory Audit Services Order 2014.

#### Effectiveness and quality of external audit process

The Committee is committed to ensuring that GSK receives a high quality and effective external audit. In evaluating Deloitte's performance during 2019, prior to making a recommendation on its reappointment in early 2020, the Committee reviewed the effectiveness of its performance against the criteria which it agreed with management at the beginning of 2019. These criteria are set out on page 103 of the 2019 Annual Report. The detailed criteria used for judging the effectiveness of Deloitte as external auditor (which are based on audit approach and strategy, high quality independent audit, effective partnership and value for money) and its overriding responsibility to deliver a smooth, thorough and efficiently-executed audit for 2020 are available on GSK.com.

In undertaking its review, the Committee considered:

- The overall quality of the audit
- The independence of Deloitte
- Whether Deloitte exhibited an appropriate level of challenge and scepticism in its work

Deloitte's length of tenure was not taken into account when assessing its independence and objectivity, as it was only recently appointed as GSK's auditor. However, the Committee did consider how effectively it had assumed its role as auditor.

The Committee also considered feedback on the 2020 external audit, through a survey of Committee members and the financial management team at corporate and business unit level. The survey covered the:

- Effectiveness of the auditor's challenge
- Integrity of Deloitte
- Transparency of its reporting to management and the Committee
- Clarity of the auditor's communication and ways of working
- Alignment of the 2020 audit to the Group's investment in Systems, Applications and Products (SAP)
- Quality of the audit team's leadership
- Skills and experience of the audit team

The Committee Chair regularly meets independently with the audit partners. The Committee also meets the auditor at the end of each meeting to discuss progress, as appropriate.

Having reviewed the above feedback, and noted any areas of improvement to be implemented by the audit team for 2021, the Committee was satisfied with the:

- Effectiveness of the auditor and the external audit process
- Auditor's independence, qualifications, objectivity, expertise and resources

The Committee therefore agreed to recommend the reappointment of Deloitte to the Board at the forthcoming AGM.

#### Non-audit services

Our management operates on the presumption that other accountancy firms will provide non-audit services to GSK.

However, where the external auditor's skills and experience make it the only suitable supplier of non-audit support – such as for audit-related matters, tax, and other services – it may be used, in the best interests of the company. In line with GSK's non-audit services policy, the Committee must ensure that auditor objectivity and independence is safeguarded by reviewing and pre-approving the external auditor's provision of such services.

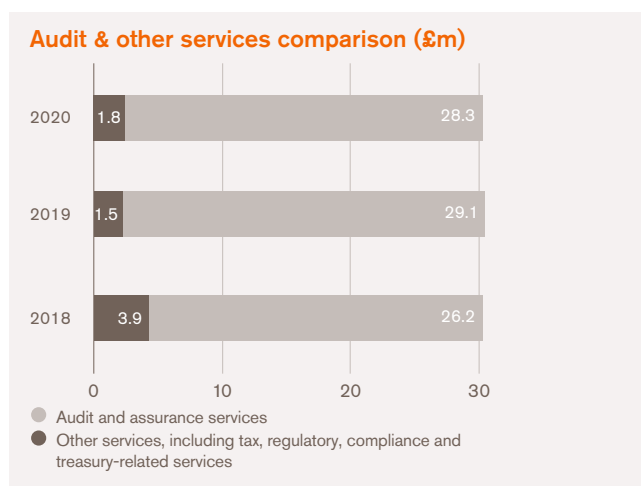
The company policy complies with the FRC's 2019 Revised Ethical Standard and the Sarbanes-Oxley Act of 2002. It observes the following core policy features on engaging the external auditor for non-audit services:

#### GSK non-audit services policy, key features:

|                             |                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Process:</b>             | All non-audit services over £50,000 are put to competitive tender with other financial services providers, in line with the Group's procurement process, unless the skills and experience of the external auditor make it the only suitable supplier.                                                                                                         |
| <b>Safeguards:</b>          | Adequate safeguards are established so that the objectivity and independence of the Group audit are not threatened or compromised.                                                                                                                                                                                                                            |
| <b>Fee cap:</b>             | The total fee payable for non-audit services should not exceed 50% of the annual audit fee, except in special circumstances where there would be a clear advantage in the auditor undertaking the additional work.                                                                                                                                            |
| <b>Prohibitions:</b>        | GSK's policy includes a 'whitelist' of permitted non-audit services in line with the relevant regulations. Any service not on this list is prohibited.                                                                                                                                                                                                        |
| <b>Pre-approval:</b>        | All non-audit services require pre-approval as set out in the table below to ensure services approved are consistent with GSK's non-audit policy for permissible services. This process ensures all services fall within the scope of services permitted and pre-approved by the Committee and does not represent a delegation of authority for pre-approval. |
| <b>Value</b>                | <b>Pre-approver</b>                                                                                                                                                                                                                                                                                                                                           |
| More than £50,000           | Committee Chair and CFO                                                                                                                                                                                                                                                                                                                                       |
| Between £25,000 and £50,000 | Group Financial Controller                                                                                                                                                                                                                                                                                                                                    |
| Under £25,000               | Designate of the Group Financial Controller                                                                                                                                                                                                                                                                                                                   |

The fees paid to the company's auditor and its associates are set out overleaf. Further details are given in Note 8 to the financial statements, 'Operating profit' on page 170.

## Our Board Committee reports continued



### Fair, balanced and understandable assessment

The need for an annual report to be fair, balanced and understandable is one of the key compliance requirements for a company's financial statements. To ensure that GSK's Annual Report meets this requirement, we have a well-established and documented process governing the co-ordination and review of Group-wide contributions to the publication. This runs in parallel with the process followed by the external auditor.

The Committee received a summary of management's approach to GSK's 2020 Annual Report to ensure it met the requirements of the FRC's 2018 Code. This enabled the Committee, and the Board, to confirm that GSK's 2020 Annual Report as a whole is fair, balanced and understandable and provides the necessary information for shareholders to assess the company's position and performance, business model and strategy.

### Code of Conduct and reporting lines

We have a number of well-established policies, (including a Code of Conduct), which are available on [gsk.com](http://gsk.com), together with details of our confidential Speak Up lines for reporting and investigating unlawful conduct.

### Audit & Risk Committee Chair succession

I was delighted to welcome Charles Bancroft, the former Chief Financial Officer, Bristol Myers Squibb. As a designated UK and US Financial Expert, Charlie joined the Committee – that has, as a whole, competence relevant to the sector in which the company operates – on 1 May 2020. Since then, Charlie and I have been working on a smooth transition and handover before he succeeds me as Committee Chairman after the publication of this Annual Report.

It has been my privilege to serve as a member of the Board, to Chair this Committee and to oversee the audit and risk aspects during so much change in the company, the environment and the regulation and governance of accounting and reporting in pharma companies. I will continue to follow the company's progress up to and beyond separation of the Biopharma and Consumer businesses.

### Judy Lewent

Audit & Risk Committee Chair  
8 March 2021

## Corporate Responsibility Committee report

### Lynn Elsenhans

#### Corporate Responsibility Committee

I am pleased to present my fifth report as Chair of the Corporate Responsibility Committee (the Committee).

The Committee is now a very important part of the Board's oversight of the company's Trust priority, overseeing and guiding the CET in delivering long-term value for both shareholders and society.

### Role of the Committee

The Committee oversees GSK's Trust priority and the company's progress against our Trust commitments, which reflect the most important areas for responsible and sustainable business growth. It has oversight of the views and interests of our internal and external stakeholders and reviews issues that could seriously impact GSK's business and reputation.

The Committee has a rolling agenda. It receives reports from CET members and senior managers to ensure that actions and progress on GSK's Trust commitments are considered regularly. This includes monitoring how the company engages effectively with a broad range of stakeholders and responds to the high external expectations of GSK as a global healthcare company. The Committee is supported by our Chairman, CEO, General Counsel, Presidents of Global Affairs and Pharma Supply Chain, and the VP Trust and Global Health, who are invited to its meetings. Other CET members attend as required.

The Committee has oversight of the principal risks most relevant to its area of expertise and responsibility, namely: product quality, non-promotional engagement, supply continuity, environmental sustainability, and environment, health and safety. Each principal risk is managed by a member of senior management to ensure appropriate controls are in place, with clear plans to address any gaps. For more details on these risks see pages 43 to 45 and 261 to 275.

### Key activities

In 2020 we focused particularly on the alignment of the Group's Trust priority to GSK's purpose and strategy. As the company navigated the challenges presented by COVID-19 and our purpose became an aligning and motivating factor for employees, this focus proved very helpful.

During the year the Committee undertook a deeper oversight of the enterprise risks most relevant to its remit and expertise. This involved regular reports from risk owners, including relevant materials and advice on these risks, such as highlights from relevant Audit & Assurance and Global Ethics & Compliance outcomes.

We made good progress on our Trust commitments, set originally in 2018, notwithstanding the impact of the pandemic.

## Our Board Committee reports continued

The key activities reviewed included:

**Oversight of GSK's COVID-19 response:** Global health has long been one of GSK's key contribution areas. In recent years, the company has increased our focus on science to ensure we have the biggest impact, in line with our strengths and strategy. In 2020 the Committee oversaw the company's response to COVID-19 on behalf of the Board. The Committee and management are acutely aware of the need to respond in a way that balances the interests of key stakeholders and is sustainable for GSK. The Committee discussed how GSK could contribute scientific and technological expertise, and explored decision-making frameworks with management, around responsible pricing models, access and allocation principles, and partnership criteria. These frameworks allowed GSK to make rapid decisions consistent with our values, purpose and strategy.

**Environmental sustainability:** The Committee reviewed and approved recommendations for GSK to set two new ambitious goals: a net zero impact on carbon and a net positive impact on nature by 2030. The Committee reviewed the contribution to these goals of GSK's Pharmaceuticals, Vaccines and Consumer Healthcare businesses. The Committee also discussed the impact of climate change and nature loss on human health, recognising that the new goals are consistent with our purpose and strategy.

**Modern employer:** The Committee has regular oversight of GSK's modern employer programme and had several discussions with management on race and ethnicity during the year. The company will continue to report progress on gender targets and, from 2021, has set and will disclose targets on workforce race and ethnicity in markets where sufficient employee data is available. For further details on evolving the company's inclusion and diversity agenda see page 36.

**Health and safety:** The health and wellbeing of employees is extremely important to GSK, together with the communities in which we operate. The Committee now has formal oversight of employee health and safety as an enterprise risk, having always provided oversight of these areas. The Committee had several discussions with management on GSK's health and safety performance, including detailed reports from the investigations into the causes of two workplace-related fatalities during the year, to ensure the company takes appropriate action on all key learnings.

### Stakeholder engagement and insights

The Committee pays close attention to the evolving views and expectations of the company's broad range of key stakeholders. It reviews and discusses a regular report on stakeholder insights at each meeting to ensure it considers the issues that may have a bearing on GSK's reputation and the delivery of our responsible business agenda. Employee insights and feedback were discussed in relation to the progression of the company's modern employer agenda and the results of the 2020 employee survey.

I meet directly with shareholders to understand any issues and concerns they may have. In December, I was pleased to engage with a number of our largest investors at the company's virtual Annual Governance Meeting. This included an interactive session with participants on the increasingly important work of the Committee over the year.

The Committee actively looks to ensure GSK's continued delivery against societal and shareholder needs, and is aware of the increasing focus on environmental, social and governance (ESG) issues among investors. It strongly supports management's approach to managing ESG, including risk mitigation. Management continues to benchmark our ESG performance, and I am pleased to see a strong showing in this area. During the year, GSK was ranked second in the Pharmaceuticals industry in the Dow Jones Sustainability Index, and in early January came first in the Access to Medicine Index. The company also maintains a strong position in investor ratings such as Sustainalytics, MSCI, and Vigeo Eiris.

The Committee monitors investor expectations on ESG reporting and disclosure on an ongoing basis. GSK continues to align to best practice in reporting, in accordance with the Sustainability Accounting Standards Board (see 2020 ESG Performance Summary) and the Taskforce on Climate-related Financial Disclosures (see page 46).

### Committee aims for 2021

The Committee will continue to scrutinise and monitor GSK's material Trust topics and relevant enterprise risks. It will also work with management to continue to ensure that commitments in support of the Trust priority evolve according to external expectations and company strategy, particularly as GSK progresses towards the creation of two new leading healthcare companies. The Committee considers the company is well positioned to support the continuing delivery of our Trust priority.

### Committee Chair succession

I am approaching the end of my tenure on the Board. However, to facilitate a smooth transition to my successor, I have agreed to stay on the Board for a further year until the 2022 AGM. This is subject to my re-election at the AGM in May. I look forward to working with and handing over to my successor once they are announced.

### Lynn Elsenhans

Corporate Responsibility Committee Chair  
8 March 2021

## Our Board Committee reports continued

### Science Committee report

#### Dr Jesse Goodman Science Committee

This has been another significant year for the Committee, during which it has renewed its focus on science at a deeper level to support the Board, both in its understanding of the company's R&D strategy and to provide reassurance and guidance as required.

During the year, the Committee has focused on three broad objectives:

- Ensuring that the key scientific assumptions which drive the company's R&D strategy remain valid
- Providing technical assurance, particularly in relation to potential transactions
- Delivering oversight of our research practices and patient safety enterprise risks

As part of this renewed focus, the Committee undertook deep-dives into strategic themes including:

- Human genetics
- Artificial intelligence and machine learning (AI and ML)
- Vaccines
- Oncology

AI and ML has been one of the most exciting areas addressed by the Committee during the year. Building capabilities in this area will enable GSK to develop systems which take advantage of our world leading access to human genetic data from collaborations with 23&Me, UK Biobank and FinnGen. This will have a significant impact on the future of R&D discovery and development processes across GSK.

#### Assessment of GSK's response to COVID-19

The Committee oversaw the company's response in developing potential vaccines and therapies for COVID-19. This response included:

- Partnering our vaccines adjuvant with multiple companies and research groups across the world, including Sanofi, SK Bioscience of South Korea and Medicago of Canada
- Investigating next generation COVID-19 vaccines through our collaboration with CureVac
- Developing potential therapeutic options to combat COVID-19 and potential future outbreaks through our collaboration with Vir Biotechnology and our own innovative pipeline assets

#### Pipeline progress

The Committee was pleased to observe the progress made by Dr Hal Barron, GSK's Chief Scientific Officer (CSO) and President, R&D, in driving scientific innovation across R&D during the year as the company continued to strengthen and advance its pipeline. In 2020, we received nine major approvals, including the approval of four new molecular entities in oncology, HIV and chronic kidney disease. We also delivered lifecycle innovation for our key medicines in areas such as respiratory disease.

There were encouraging major developments in our oncology pipeline, including two major US Food and Drug Administration (FDA) approvals:

- **Zejula** (niraparib) as the only monotherapy available as a first-line maintenance treatment for women with advanced ovarian cancer regardless of biomarker status
- **Blenrep** (belantamab mafodotin) for adult patients with relapsed or refractory multiple myeloma, the second most common form of blood cancer in the US

In addition, ViiV Healthcare obtained FDA approval of *Cabenuva* (cabotegravir, rilpivirine), the first complete long-acting regimen for the treatment of HIV-1 infection in adults.

Our vaccines pipeline is also progressing well with our highly promising maternal RSV vaccine candidate and our Men ABCWY five-in-one vaccines meningitis candidate both entering Phase III studies.

#### Business development, strategic partnerships and collaborations

Building on the foundations set last year, the Committee continued to review the scientific opportunity in a number of large-scale investments and business transactions.

**Vir Biotechnology:** The Committee supported GSK's collaboration with Vir to identify and accelerate new anti-viral antibodies which could be used as therapeutic or preventative options to fight COVID-19 and future outbreaks. Three late-stage studies are now underway with VIR-7831 with results anticipated in the first half of 2021.

This collaboration was expanded in February 2021 to advance new therapeutics for influenza and other respiratory diseases.

**Pan-TB collaboration:** GSK joined a consortium of philanthropic, non-profit and private sector organisations (including the Bill & Melinda Gates Foundation) to accelerate the development of a novel treatment for tuberculosis (TB). This is an important step in addressing the current challenges in diagnosing and treating drug-resistant TB.

## Our Board Committee reports continued

**CureVac partnership:** In its role of helping to identify critical emerging trends in science and medicine, the Committee believes that accessing external innovative platforms is key to the future of our vaccines business.

GSK's strategic partnership with CureVac provides access to innovative messenger RNA (mRNA) technology, a rapidly progressing platform for developing new vaccines and medicines. The technology could expand the range of diseases which can be prevented or treated while potentially hastening development and manufacturing. CureVac's mRNA technology and manufacturing capability will complement GSK's existing expertise in vaccines in addressing significant unmet medical need.

In February 2021, building on this existing relationship, GSK entered into a further collaboration with CureVac to jointly develop next generation mRNA vaccines to offer broader protection against a variety of different SARS-CoV2 variants and enable a quick response to new variants potentially emerging in the future.

**IDEAYA Biosciences collaboration:** GSK's partnership with IDEAYA in synthetic lethality, an emerging field in precision medicine oncology, could help us achieve a sustainable flow of new treatments in this field. Synthetic lethality is one of GSK's four core research areas in oncology, making IDEAYA an ideal partner.

I would like to take this opportunity to thank Judy Lewent, who has been a member of the Committee since its inception in 2017 and will retire from the Board after the 2021 AGM, for her valuable contributions to our deliberations from a commercial life sciences perspective. We look forward to being joined by an additional Scientific & Medical Expert when they have been appointed to the Board to continue the Committee's work in developing the specialist scientific support that we provide to the Board.

In 2021, we will continue our role in supporting the CSO and overseeing our R&D pipeline ahead of separation, as GSK seeks to deliver the next generation of innovative transformational medicines and vaccines for patients.

### Dr Jesse Goodman

Science Committee Chair  
8 March 2021

## Nominations & Corporate Governance Committee report

### Jonathan Symonds

#### Nominations & Corporate Governance Committee

I am pleased to present my second report as Chair of the Nominations & Corporate Governance Committee (the Committee). The Committee was re-named this year to reflect its expanded role to encompass corporate governance matters, thereby freeing more time at the Board and ensuring deeper focus of this important area.

#### Work of Nominations & Corporate Governance Committee

As we transform GSK and move closer to separation, the Committee's key priorities have been to:

- Search for replacements for our long-serving Directors, Judy Lewent and Lynn Elsenhans
- Identify a third Scientific & Medical Expert (SME) to strengthen our scientific expertise on the Board and our Science Committee
- Close any skills gaps

#### Board changes

In my 2019 report, I described the search for Judy's successor as Chair of the Audit & Risk Committee (ARC), which resulted in Charles Bancroft's appointment to the Board on 1 May. Charlie has recently retired from a successful career at Bristol Myers Squibb. He brings a wealth of financial and management experience in global biopharma, which will be invaluable to the Board as GSK moves to the next stage of its development and beyond. The handover arrangements between Judy and Charlie, as he becomes ARC Chair after publication of this Annual Report, are described in Judy's report on pages 97 to 102. Despite serving for over nine years, Judy continues to demonstrate the characteristics of independence in carrying out her role on the Board.

We have appointed Korn Ferry to assist in the search for Lynn's successor as Chair of the Corporate Responsibility Committee. Korn Ferry, which also provides GSK with recruitment and consultancy services, is a signatory to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. We are using broad selection criteria, focusing on potential candidates with the following knowledge, experience and commitment:

- **ESG:** Depth of understanding and experience of the broader ESG agenda and, ideally, the expectations of investors in this area
- **Using our science and technology to address health needs:** Experience of science and technology to progress global health, potentially gained through working for, or in partnership with, global non-governmental organisations. Further experience of working with different stakeholder groups, including governments, regulators and other public policy organisations
- **Making our products affordable and available:** Familiar with the issues of public access to medicine, ethical practices and patient advocacy, ideally gained in the life sciences sector

## Our Board Committee reports continued

- **Being a modern employer:** The ability to contribute and lead a discussion on diversity and ethnicity, and familiarity with setting and monitoring high standards of health and safety, and supporting employee health, wellbeing and personal development
- **Being a responsible business:** Experience of developing a culture that focuses on an organisation's positive social impact through its engagement with employees, suppliers, customers and communities. Understanding and experience of the role and responsibility of organisations in minimising their environmental impact and setting and monitoring environmental targets and safety systems

I have described in my statement why we have asked Lynn to remain in post for another year, before stepping down from the Board at the 2022 AGM. The Board confirmed that, despite her impending nine years service, Lynn continues to demonstrate the characteristics of independence in carrying out her role on the Board.

Given the critical importance of strengthening GSK's pipeline, the Board has increased the time it spends on R&D strategy, while the Science Committee is focusing on science at a deeper level to support the Board's understanding and provide reassurance and guidance as required. We are therefore searching for a third SME who, when appointed, will see the Science Committee being made up entirely of SMEs. Korn Ferry is also assisting with this appointment. We have identified the following selection criteria for candidates:

- Possession of a scientific profile and leadership across genetics/artificial intelligence, immunology and cell/gene therapy
- Relevant experience in academia, pharmaceuticals/biotech leadership
- The ability to add value to the Board and to the creation of the new GSK biopharma company
- Strong ethical personal qualities, providing a good fit with our diverse Board

We have made good progress to date and look forward to announcing the results of our searches.

### Board composition, tenure and diversity

The Board seeks to balance the composition and tenure of itself and its Committees, and to refresh them over time, so that they benefit from the experience of longer-serving Directors and the fresh perspectives and insights of newer appointees.

We draw our Non-Executive Directors from a wide range of industries and backgrounds, including the pharmaceuticals industry and R&D, vaccines, consumer products and healthcare, medical research and academia, insurance and financial services. They have a wealth of experience of complex organisations with global reach. Many of our Board members also have experience of long-cycle industries, which is of great assistance in understanding our sector.

We are committed to the diversity of our Boardroom, as GSK is committed to equal opportunities for all our employees at all levels of our organisation. The Board and management seek to encourage a diverse and inclusive culture throughout the company.

An effective Board needs a range and balance of skills, experience, knowledge, ethnicity, gender, social-economic backgrounds and independence, with individuals who are prepared to challenge each other and work collaboratively. This mix needs to be complemented by a diversity of personal attributes, including character, intellect, judgement, honesty and courage.

### Board and CET diversity targets

The Committee is responsible for developing measurable objectives – and monitoring progress towards their achievement – to assist the implementation of the Board's diversity policy, including gender and ethnic diversity.

Our diversity objectives are in line with the measurable targets set out in the Hampton-Alexander and Parker reviews for achievement by 2020 and 2021 respectively. Our progress against these targets is set out below. For consistency, the diversity metrics are as at 30 October 2020.

| Diversity objectives                                                   | Progress achieved                 |
|------------------------------------------------------------------------|-----------------------------------|
| At least 33% of Board positions held by women                          | Exceeded objective: 41.5%         |
| At least 33% of CET positions held by women                            | Met objective: 33.3%              |
| At least 33% of combined CET and direct report positions held by women | Exceeded objective: 40.6%         |
| At least one Board Director position held by an ethnic minority        | Met objective: One Board Director |

The Committee is particularly intent on closing the gap between gender representation and increasing ethnic minority representation on the Board and CET, and developing the pipeline of direct reports to the CET from ethnic minorities.

The representation of women and ethnic minorities in management positions is illustrated on page 37, as part of the diversity of GSK's global workforce.

The Committee met with all Non-Executive Directors present to receive and consider the succession plans for management, and with the Executive Directors to ensure there was a diverse pipeline of potential successors. It also regularly reviews succession planning for Non-Executive members of the Board.

### Sir Jonathan Symonds

Nominations & Corporate Governance Committee Chair  
8 March 2021

## Our Board Committee reports continued

### Transformation & Separation Committee report

#### Jonathan Symonds

##### Transformation & Separation Committee

I am pleased to present my first report as Chair of the Transformation & Separation Committee (the Committee), which met for the first time in May.

The Committee is made up of our Senior Independent Director, the Chairs of our Audit & Risk, Remuneration, and Corporate Responsibility committees, and our Workforce Engagement Director. I invite other Non-Executive Directors to our meetings when it could save repetition at the Board.

The Committee has two principal functions:

- Exercising oversight of the Future Ready transformation programme, particularly the cost savings and separation of the company infrastructure, as the delivery team moves from project design to implementation. We are also tracking the status of key risk indicators, such as value capture and technology
- Considering the optimal form of separation. This includes the Consumer Healthcare business's listing location and the implications of the separation

The Committee is pleased that the programme is making good progress, with full CET engagement and leadership and all deliverables on track. I take great pride that the programme has continued to be delivered as planned despite COVID-19, with only minor adaptations necessary.

The programme has provided an opportunity to fundamentally review the structure, cost base and ways of working of both our biopharma and consumer healthcare businesses, including consideration of increased automation, different service levels, real estate impacts, procurement savings and accelerated digitisation. These have been revisited following the successful embedding of new ways of working after the outbreak of the pandemic. The Committee also receives reports from our Audit & Assurance and Compliance teams on the risks related to achieving a successful separation.

The Committee and management have been very clear that GSK will remain as one company until separation, with the overriding emphasis being driving top line growth and improving margin. Next year, I look forward to sharing further progress on the Committee's pivotal role in overseeing and guiding management on the transformation and separation of GSK and overseeing the associated risks in separating the Group into two leading companies, in biopharma and consumer healthcare.

#### Sir Jonathan Symonds

Transformation & Separation Committee Chair  
8 March 2021

# Section 172 statement

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.

This statement aligns to such requirements, as set out in Section 172 of Section 414CZA of the Companies Act 2006 (the Act). It indicates how, during the year, our Directors addressed the matters set out in Section 172(1) (a) to (f) of the Act when performing their duties. To avoid duplication, it incorporates information from other areas of the Annual Report. The Board considers that the statement focuses on those risks and opportunities that are strategically important to GSK, and consistent with the Group's size and complexity.

In performing its duty to promote GSK's success, the Board focuses on various matters, including listening to and considering the views of shareholders and other key stakeholders.

This allows it to build trust and fully understand the potential impacts of the decisions it makes on all our stakeholders. Our engagement with GSK's main stakeholder groups, including our patients, shareholders, consumers, customers and employees at all levels and across the organisation, are summarised on pages 16 and 17 of our Strategic report.

The company's governance architecture and processes are summarised on pages 85 to 93 of our Corporate Governance report. This summary explores how the Board considers all relevant matters in making its principal decisions to contribute to the delivery of GSK's long-term priorities of Innovation, Performance and Trust.

More information on the issues, factors and stakeholders that the Board considers relevant to complying with Section 172(1) (a) to (f) of the Act can be found in the locations outlined below.

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## The Board has had regard to the following matters:

### (a) Long-term results

The likely consequences of any decision in the long term

#### Strategic report:

Our business model (page 01)  
Chairman's statement (page 03)  
CEO's statement (page 04)  
Capital allocation (page 02)  
Key performance indicators (page 11)  
Risk management (page 43)  
Viability statement (page 48)

#### Corporate Governance report:

Board activity and principal decisions (page 87)  
Our purpose, values and culture (page 90)  
The Board's approach to engagement (page 91)  
Audit & Risk Committee report (page 97)

### (b) Our workforce

The interests of the Group's employees

#### Strategic report:

Our business model (page 01)  
Our culture (page 10)  
Modern employer (page 36)  
Stakeholder engagement (page 16)

#### Corporate Governance report:

Board activity and principal decisions (page 87)  
Our purpose, values and culture (page 90)  
The Board's approach to engagement (page 91)  
Audit & Risk Committee report (page 97)  
Nominations & Corporate Governance Committee report (page 105)

#### Remuneration report:

Remuneration Committee Chair's statement (page 112)  
Directors' pay in a wider setting (page 122)

#### GSK.com:

Gender pay gap report

### (c) Our business relationships

The importance of developing the Group's business relationships with suppliers, customers and others

#### Strategic report:

Our business model (page 01)  
Industry trends (page 12)  
Stakeholder engagement (page 16)  
Innovation (page 18)  
Performance (page 28)  
COVID-19 solutions (page 24)  
Reliable supply (page 39)  
Working with third parties (page 40)  
Risk management (page 43)

#### Corporate Governance report:

Board activity and principal decisions (page 87)  
The Board's approach to engagement (page 91)  
Audit & Risk Committee report (page 97)  
Corporate Responsibility Committee report (page 102)

### (d) The community and our environment

The impact of the Group's operations on the community and our environment

#### Strategic report:

Trust section including:  
Environment (page 41)  
Environment, Health and Safety, and Environmental Sustainability risks (pages 45, 271 and 272)  
Climate-related financial disclosure (page 46)

#### Corporate Governance report:

Corporate Responsibility Committee report (page 102)

#### GSK.com:

Responsibility reports and data

### (e) Our reputation

Our desire to maintain our reputation for high standards of business conduct

#### Strategic report:

Our culture (page 10)  
Trust (page 33)  
Ethics and values (page 39)  
Human rights (page 40)  
Reporting and investigating concerns (page 39)  
Anti-bribery and corruption risk (pages 44 and 265)  
Non-financial information statement (page 49)  
Our approach to tax (page 54)

#### Corporate Governance report:

Corporate Responsibility Committee report (page 102)

#### GSK.com:

Modern slavery statement

### (f) Fairness between our shareholders

Our aim to act fairly as between members of the company

#### Corporate Governance report:

The Board's approach to engagement (page 91)  
Investor information (page 244)



# Directors' Report

Our Directors' powers are determined by UK legislation and our Articles of Association, which contain rules about the appointment and replacement of Directors. They provide that Directors may be appointed by an ordinary resolution of the members or by a resolution of the Board, provided that, if appointed by the Board, the Director retires at the next Annual General Meeting following their appointment.

Our Articles also provide that all Directors are required to seek re-election annually at the Annual General Meeting in accordance with the 2018 Code.

A Director will cease to be a Director if he or she:

- becomes bankrupt
- ceases to be a Director by virtue of the Companies Act or the Articles
- suffers mental or physical ill health and the Board resolves that he or she shall cease to be a Director
- has missed Directors' meetings for a continuous period of six months without permission and the Board resolves that he or she shall cease to be a Director
- is prohibited from being a Director by law
- resigns, or offers to resign and the Board accepts that offer
- is required to resign by the Board

## Directors' conflicts of interest

All Directors have a duty under the Companies Act 2006 to avoid a situation in which they have, or could have, a direct or indirect conflict of interest or possible conflict with the company. Our Articles provide a general power for the Board to authorise such conflicts.

The Board reviews any new potential or actual conflict, which is recorded by the Company Secretary. Directors are not counted in the quorum for the authorisation of their own actual or potential conflicts. The Nominations & Corporate Governance Committee reviews the Register of Conflicts on an annual basis which the Board subsequently approves.

On a continuing basis, the Directors are responsible for informing the Company Secretary of any such new actual or potential conflicts that may arise or if there are any changes in circumstances that may affect an authorisation previously given. Even when provided with authorisation, a Director is not absolved from his or her statutory duty to promote the success of the company. If an actual conflict arises post-authorisation, the Board may choose to exclude the Director from receipt of the relevant information and participation in the debate, or suspend the Director from the Board, or, as a last resort, require the Director to resign.

The Nominations & Corporate Governance Committee reviewed the register of potential conflict authorisations (the Register of Conflicts) in January 2021. The Committee reported to the Board that the conflicts had been appropriately authorised and that the process for authorisation continued to operate effectively. The Committee then recommended the approval of the Register of Conflicts to the Board which it subsequently approved. Except as described in Note 39 to the financial statements, 'Related party transactions', during or at the end of the financial year no Director or Person Closely Associated had any material interest in any contract of significance with a Group company.

Our Articles prohibit a Director from voting on any resolution concerning his or her appointment or the terms or termination of his or her appointment.

## Independent advice

The company has an agreed procedure for Directors to take independent legal and/or financial advice at the company's expense where they deem it necessary.

## Indemnification of Directors

Qualifying third party indemnity provisions (as defined in the Companies Act 2006) are in force for the benefit of Directors and former Directors who held office during 2020 and up to the approval and signature of the Annual Report.

## Change of control and essential contracts

We do not have contracts or other arrangements which individually are fundamental to the ability of the business to operate effectively. Neither is the company party to any material agreements that would take effect, be altered, or terminate upon a change of control following a takeover bid. We do not have agreements with any Director that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the company's share plans may cause options and awards granted under such plans to vest on a takeover.

Details of the termination provisions in the Executive Directors' service contracts are given in the full version of the company's 2020 Remuneration policy which is available at [www.gsk.com](http://www.gsk.com) in the Investors section.

## Directors' Report continued

### Content of the Directors' Report

For the purposes of the UK Companies Act 2006, the Directors' Report of GlaxoSmithKline plc for the year ended 31 December 2020 comprises:

#### Directors' Report

| Section                                   | Pages      |
|-------------------------------------------|------------|
| Corporate Governance report               | 77 to 110  |
| Employee engagement                       | 92         |
| Directors' statements of responsibilities | 140 to 141 |
| Investor information                      | 243 to 299 |

The Strategic report sets out those matters required to be disclosed in the Directors' Report which are considered to be of strategic importance:

#### Strategic report

| Section                                                      | Pages                   |
|--------------------------------------------------------------|-------------------------|
| Risk management objectives and policies                      | 43 to 48 and 261 to 275 |
| Likely future developments of the company                    | 01 to 76                |
| Research and development activities                          | 18 to 27                |
| Business relationships                                       | 40                      |
| Diversity                                                    | 36 and 37               |
| Provision of information to and consultations with employees | 10 and 36               |
| Carbon emissions                                             | 41                      |
| Section 172 statement                                        | 16 to 17 and 108        |

The following information is also incorporated into the Directors' Report:

|                                                                                        | Location in Annual Report             |
|----------------------------------------------------------------------------------------|---------------------------------------|
| Interest capitalised                                                                   | Financial statements, Notes 17 and 20 |
| Publication of unaudited financial information                                         | Group financial review, page 50       |
| Details of any long-term incentive schemes                                             | Remuneration report                   |
| Waiver of emoluments by a Director                                                     | Not applicable                        |
| Waiver of future emoluments by a Director                                              | Not applicable                        |
| Non pre-emptive issues of equity for cash                                              | Not applicable                        |
| Non pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking | Not applicable                        |
| Parent company participation in a placing by a listed subsidiary                       | Not applicable                        |
| Provision of services by a controlling shareholder                                     | Not applicable                        |
| Shareholder waiver of dividends                                                        | Financial statements, Notes 16 and 44 |
| Shareholder waiver of future dividends                                                 | Financial statements, Notes 16 and 44 |
| Agreements with controlling shareholders                                               | Not applicable                        |

#### The Directors' Report

- has been drawn up and presented in accordance with and in reliance upon English company law and the liabilities of the Directors in connection with that Report shall be subject to the limitations and restrictions provided by such law.
- was approved by the Board of Directors on 8 March 2021 and signed on its behalf by:

#### Sir Jonathan Symonds

Chairman  
8 March 2021