

Remuneration

In this section

Chairman's annual statement	112
Annual report on remuneration	114
2020 Remuneration policy summary	133

Remuneration report

Chairman's annual statement

On behalf of the Remuneration Committee (the Committee), I am pleased to present our Remuneration report for 2020. This Annual report on remuneration and my annual statement will be subject to an advisory vote at our AGM on 5 May 2021. I set out below key aspects of the Committee's work and the out turn from the implementation of our remuneration policy to reward management's performance in 2020.

Overall, 2020 was an extraordinary and challenging year and the Board was pleased to see the continued progress against the company's strategic goals. It is a testament to the increased focus that is being placed on improving commercial execution that despite the business disruption from the COVID-19 pandemic to adult vaccinations, most especially *Shingrix*, our financial guidance for the year was delivered. However, the internal PBIT target was missed which resulted in a reduced bonus outcome. The multiple ways in which the company continues to work in response to COVID-19 are set out on page 24. This includes the contribution of our adjuvant to progress potential vaccines, therapeutic assets with Vir Biotechnology and our in-house asset otilimab.

Review of 2020 IPT Outcomes

You will note from the 2020 Total remuneration on page 115, that overall pay for Emma Walmsley our CEO and Iain Mackay our CFO is down on 2019. The pay of Dr Hal Barron our CSO has increased on 2019, reflecting the vesting from the Long Term Incentive award granted in the year he joined. I would like to set these outcomes in context against our overall performance in 2020.

Innovation – In terms of innovation, the CSO and the R&D organisation made significant progress in 2020 in further strengthening our R&D biopharma pipeline. R&D exceeded its targets. There were 9 major approvals in 2020; we now have 20 assets in late stage development many of which we believe will be transformational for patients. More than 20 business development deals were undertaken to strengthen our capabilities with the acquisition of a new antibody, mRNA and genetic platforms and technologies.

Performance

In terms of overall Performance, management just missed the agreed internal budget target for biopharma primarily due to significantly lower than expected Vaccines sales volumes as a result of COVID-19 pandemic disruption and lockdowns, across Adult vaccines (including *Shingrix*, Hepatitis, DTPa – containing vaccines), *Synflorix* and *Bexsero*. However, despite this we still continued to grow *Shingrix*, with sales of £2bn. Indeed Group sales overall grew 3% CER. In particular, strong growth drivers in New and Specialty products in Respiratory, HIV and Oncology drove growth with sales of £9.7bn up 12% CER. This group of innovative products now accounts for more than half of our pharmaceuticals sales. In addition to this, robust and effective cost control supported delivery of 98% of the Group PBIT target with adjusted EPS of 115.9p -4% CER, at the lower end of the company's earnings guidance set at the beginning of the year before the COVID-19 pandemic began. The Committee was pleased to note management's determination and drive to deliver its agreed financial guidance despite the environment. I confirm that the Committee did not make any adjustments to targets or measures for the Executive Directors as a result of the impacts of COVID-19.

Preparations to create two exciting companies post separation continued to schedule and remain on track despite the global disruption from COVID-19.

Trust

Finally, the importance of the business operating responsibly was further highlighted in 2020 and new ambitious industry leading environmental targets for climate and nature were introduced and work was also undertaken to introduce the Inclusion and Diversity targets published recently. The employee survey in 2020 saw the highest response rate to date of 85%, and the overall employee engagement score rose to 84%, a 6% rise since the 2019 survey and the highest score since its inception. The company has also topped the Access to Medicines Index for the seventh time in a row.

2020 remuneration outcomes

All awards in relation to 2020 were made in accordance with our Remuneration policy. The key decisions made by the Committee were as follows:

- **Bonus** – The outcomes for the CEO, CFO and CSO were determined by reference to performance against the agreed financial measure of Group PBIT, and the Committee's assessment of their individual performance during a remarkably challenging year. The formulaic methodology used to calculate the financial performance determined that payment would be made for achieving 98% of the financial target. The Committee considered the progress against each Executive Director's personal objectives for the year across all aspects of the company's Innovation, Performance and Trust priorities. It believes the resulting overall bonus outcomes appropriately reflect the underlying performance and progress made in 2020. See page 118.
- **Vesting of LTI awards** – only two thirds of the 2018 Performance Share Plan (PSP) awards vested. This was based on the last three years performance against the equally weighted pre-agreed measures. The R&D new product performance measure vested in full reflecting the continued work in strengthening R&D and the successful commercialisation of newly launched products. Equally, the focus on strong cash management and generation is reflected in full delivery of the adjusted free cash flow measure. Disappointingly, the company's relative TSR performance over the past three years has again resulted in this part of the award lapsing in full. The overall vesting level was therefore 66.66%. See page 120.

In determining the 2020 bonus and LTI outcomes, the Committee carefully considered the Directors' performance but did not deem it necessary to exercise 'discretion' to address any anomaly in the performance outcomes. This review included an assessment of performance across all of the relevant measures and the wider context including the company's Trust priority. GSK did not access any COVID-19 Government support or job retention schemes during 2020. Our dividend policy was maintained during the year and the company delivered its financial guidance.

Looking ahead

Pension

The Committee previously reported its intention to align the current UK Executive Directors' pension contributions with the wider UK workforce by 1 January 2023. In response to feedback from some of our shareholders and following a review of the company's pension arrangements in the US, the Committee will also reduce the pension contributions for the CSO to align with the wider US employee base by 1 January 2023.

Remuneration policy implementation for 2021

The Committee agreed that Executive Directors should receive a 2% salary increase aligned with that provided to the wider workforce in their respective geographies.

The Board and the Committee continually look to ensure that our remuneration provisions support our business strategy and priorities and seek to engage with shareholders on potential changes to our policy where we believe it is in the company and shareholders' best interests to make changes. In that context, the Board is engaging with shareholders on the potential to provide a one-off additional performance incentive award to the CSO. This aims to support continuity of management and delivery of our Biopharma R&D pipeline, thereby proactively addressing one of the principal risks to the creation of sustainable shareholder value over the next few years. These discussions are ongoing and any resulting proposal would, of course, be set out in full ahead of a specific vote at the 2021 AGM.

My statement in our 2019 Annual Report (see page 116) sets out our position on the implementation of provision 40 of the 2018 Code and we continue to follow this approach.

AGM

I would like to thank shareholders for their input and engagement ahead of last year's AGM and I welcome your feedback on this report ahead of our AGM on 5 May 2021. Specifically, we look forward to receiving your support for our Annual report on remuneration.

Urs Rohner

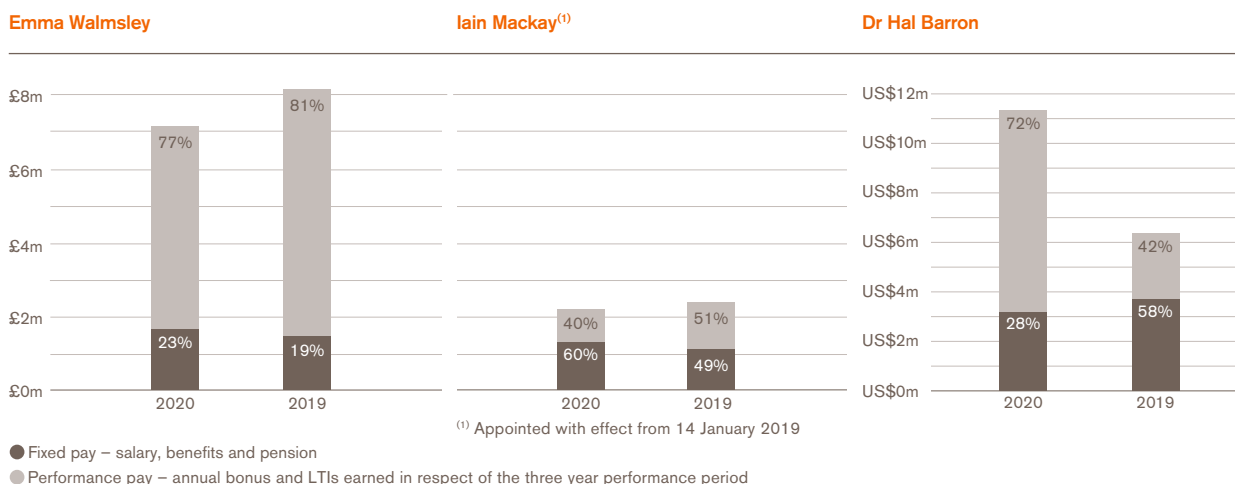
Remuneration Committee Chair
8 March 2021

Annual report on remuneration

2020 at a glance

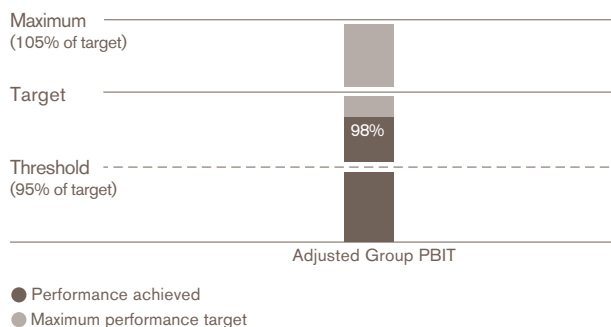
2020 Total Remuneration

The following shows the composition of total remuneration paid to Executive Directors in office at 31 December 2020, in respect of 2020 and 2019.

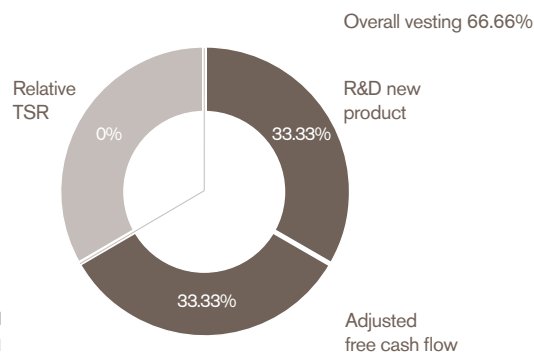


Pay for performance

2020 Annual bonus: financial performance



2018 LTI outcome: performance period ended 31 December 2020

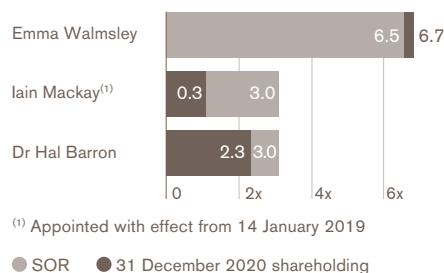


Executive Directors' shareholdings (audited)

To align the interests of Executive Directors with those of shareholders, they are required to build and maintain significant holdings of shares in GSK over time. Executive Directors are required to continue to satisfy these Share Ownership Requirements (SOR) by holding 100% of their SOR for the first 12 months after leaving GSK and not less than 50% of their SOR for months 13-24 after leaving GSK.

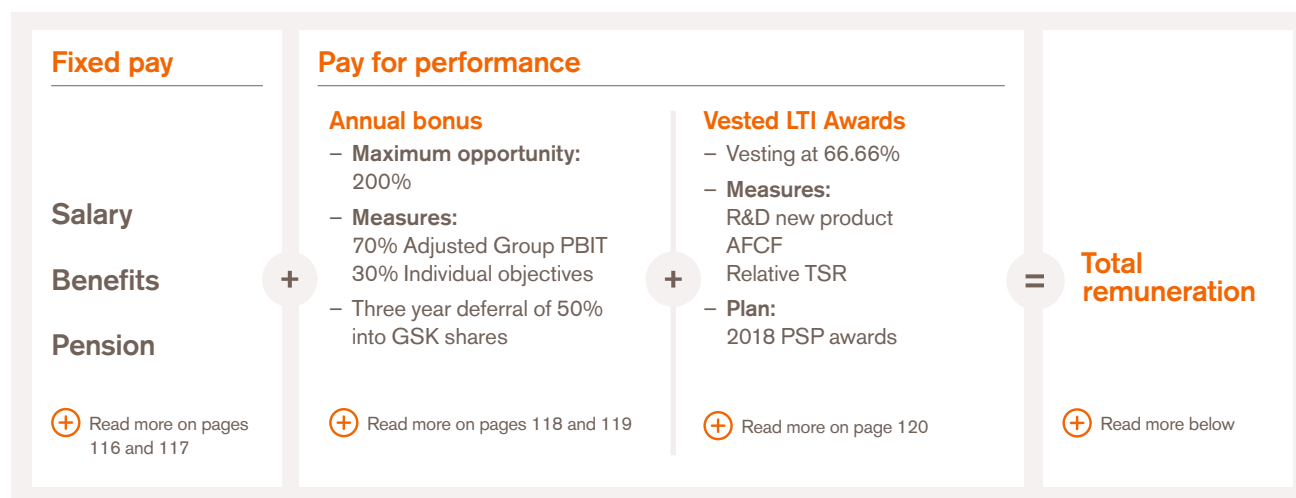
Executive Directors and CET	SOR % of salary
CEO	650
Other Executive Directors	300
Other Corporate Executive Team members	200

Share ownership vs SOR (multiples of base salary)



Annual report on remuneration continued

2020 Total remuneration (audited)



2020 Total remuneration (audited)

	Emma Walmsley		Iain Mackay ⁽⁴⁾		Dr Hal Barron	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 \$000	2019 \$000
Fixed pay						
Salary	1,199	1,110	871	825	1,786	1,743
Benefits	141	192	155	139	58	659
Pension	245	220	175	171	1,247	1,259
Total fixed pay	1,585	1,522	1,201	1,135	3,091	3,661
Pay for performance						
Annual bonus ⁽¹⁾	1,169	1,754	810	1,185	1,741	2,675
Vesting of LTI awards:						
DABP matching awards	–	412	–	–	–	–
PSP ⁽²⁾	4,277	4,396	–	–	6,387	–
Total pay for performance⁽³⁾	5,446	6,562	810	1,185	8,128	2,675
Total remuneration	£7,031	£8,084	£2,011	£2,320	\$11,219	\$6,336

Notes:

(1) Details of the mandatory bonus deferrals in 2020 and 2021 under the Deferred Annual Bonus Plan (DABP) are set out on page 130. (Matching awards ceased from 2018 and are no longer granted under the DABP).

(2) Emma Walmsley's 2017 PSP vested in July 2020 at a closing price of £15.83. At the time of the 2019 Annual Report the PSP figure used was based upon the average share price during the three month period to 31 December 2019 (£17.28), therefore the published figure last year was £4,671,000.

(3) The Committee may in specific circumstances, and in line with stated principles, apply clawback/malus, as it determines appropriate. Following due consideration by the Committee, there has been no recovery of sums paid (clawback) or reduction of outstanding awards or vesting levels (malus) applied during 2020 in respect of any of the Executive Directors.

(4) Appointed with effect from 14 January 2019.

Annual report on remuneration continued

2020 Total remuneration (audited) continued

The following sections provide details of each element of 2020 'Total remuneration', including how the Committee implemented the approved Remuneration policy during the year.

Fixed pay (audited)

Salary

The table below sets out the base salaries of the Executive Directors over the last two years compared to increases for the UK and US workforce.

	% change	Base salary	
		2020	2019
Emma Walmsley	8%	£1,199,176	£1,110,348
Iain Mackay	2.5%	£871,250	£850,000
Dr Hal Barron	2.5%	\$1,786,060	\$1,742,500
UK & US employees	2.5%	–	–

Details of salary levels for 2021 are provided on page 126.

Benefits

The UK remuneration reporting regulations require the company to add into each Executive Director's Total benefits calculation all items which are deemed by tax authorities to be a taxable benefit for them.

These comprise:

- **Employee benefits** in line with the policy for other employees, which may vary by location and role; and
- **Business related services** provided to employees to assist or enable them to carry out their role, which a tax authority has deemed to be a taxable "benefit" to the individual. Because these are business expenses, the company meets the tax which arises on them and therefore the items are shown grossed up for tax. These can be split into three areas:
 - Business travel: includes travel costs for the Executive Director and as appropriate for their spouse/partner associated with accompanying the Executive Director on GSK business which are deemed to be taxable benefits for the Executive Director.
 - Accommodation whilst on business travel.
 - Other benefits.

The table below provide an analysis of Total benefits (grossed up for tax) received by the Executive Directors in 2019 and 2020.

	2020 benefits £000	2019 benefits £000
Emma Walmsley		
Benefits available to employees	62	60
Business related services⁽¹⁾		
Business travel	36	85
Other benefits	43	47
Total benefits	141	192
Iain Mackay		
Benefits available to employees⁽²⁾	149	99
Business related services⁽¹⁾		
Business travel	5	35
Other benefits	1	5
Total benefits	155	139
Dr Hal Barron		
	\$000	\$000
Benefits available to employees	58	62
Business related services⁽¹⁾		
Business travel ⁽³⁾	–	414
Accommodation whilst on business travel ⁽⁴⁾	–	180
Other benefits	–	3
Total benefits	58	659

Notes:

- (1) Business related services which tax regulations deem to be a taxable benefit in the UK and/or the US.
- (2) Iain Mackay's Benefits available to employees of £149,000 have increased year on year mainly due to a full year's medical benefits as compared to only a partial year in 2019. Benefits also include professional fees and vehicle allowance.
- (3) During 2019, GSK reviewed the methodology for allocating the cost of certain business travel. Using the previous methodology, Dr Barron's Business travel would have totalled approximately \$129,000 net for 2019.
- (4) Dr Barron's place of main business moved during 2019 from the UK to the US, which, taken together with the effect of COVID-19 on international travel, resulted in a reduction in this benefit for 2020.

Annual report on remuneration continued

Fixed pay (audited) continued

Pensions

Please see details of changes to pensions policy and its implementation on page 126. In addition, the Committee has determined that all current and future UK and US Executive Directors will have their pension arrangements aligned to the wider UK and US workforce, as appropriate, by 1 January 2023.

Executive Director	Member since	Pension arrangements in 2020
Emma Walmsley	2010	Pension contributions of 20% of base salary and matching contributions as follows: – from 1 January 2020 to 31 March 2020 based on the first £33,333 of salary ^{(1) (2)} ; and – from 1 April 2020 to 31 December 2020 based on the first £13,333 of salary ^{(1) (2)} ; with a cash supplement of 20% of base salary in lieu of pension on salary in excess of those figures.
Iain Mackay	2019	
Dr Hal Barron	2018	The CSO is a member of the 401(k) plan open to all US employees and the Executive Supplemental Savings Plan (ESSP), a savings scheme open to US executives to accrue benefits above the 401(k) plan limits. He receives a combined contribution rate under the 401(k) and ESSP plans of 6% (2% core contributions plus a match of up to 4%) of total base salary and bonus, less the bonus deferred under the DABP. He is also a member of the US Cash Balance and the Supplemental Cash Balance pension plans, under which GSK makes annual contributions of 38% of base salary, in line with other US senior executives and members of GSK's CET.

(1) As a member of the defined contribution plan, Emma Walmsley and Iain Mackay are eligible to receive a matching award of up to 5% on the first £33,333 of their salaries from 1 January 2020 to 31 March 2020 and on the first £13,333 of their salaries from 1 April 2020 to 31 December 2020, in accordance with the terms of the plan.

(2) Emma Walmsley and Iain Mackay receive cash payments in lieu of pension of 20% of base salary in excess of £33,333 from 1 January 2020 to 31 March 2020 and cash payments in lieu of pension of 20% of base salary in excess of £13,333 from 1 April 2020 to 31 December 2020, in line with GSK's defined contribution pension plan rates.

The following table shows the breakdown of the pension values set out on page 115. The pension remuneration figures have been calculated in accordance with the methodology set out in The Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2008 (Remuneration regulations).

	Emma Walmsley		Iain Mackay		Dr Hal Barron	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 \$000	2019 \$000
Pension remuneration values						
UK defined contribution	5	8	5	8	–	–
US defined benefit	–	–	–	–	1,059	1,069
Employer cash contributions	240	212	170	163	188	190
Total pension remuneration value	245	220	175	171	1,247	1,259

Further details regarding the 2020 pension values for Dr Hal Barron are set out in the table below. The pensions figures disclosed for Dr Hal Barron, who is a member of the US style defined benefit plans, are in accordance with paragraph 10.e.ii of Schedule 8 of the Remuneration regulations.

The table shows the accrued benefit (ie the annual pension accrued to date). In accordance with the regulations, the pension remuneration in 2020 was calculated as the increase in the accrued benefit, adjusted for inflation and multiplied by 20 to reflect the fact that the benefit will be received for a number of years. The normal retirement age under the Cash Balance Pension Plan is age 65. There is no additional benefit for retiring early.

Dr Hal Barron pension values	Accrued pension		Pension remuneration value for 2020 \$000
	31 December 2020 \$000	31 December 2019 \$000	
US – Funded	2	1	20
US – Unfunded	158	106	1,039
Total	160	107	1,059

Annual report on remuneration continued

Pay for performance (audited)

Annual bonus



2020 performance against targets

For 2020, the performance measures and weightings were as follows:

Performance measure	Weighting	2020 Adjusted Group PBIT performance			
		Executive Directors	2020 target	Outcome	Positioning against target
Adjusted Group PBIT	70%		£8,465m	£8,271m	98%
Individual objectives	30%				

Threshold and maximum performance targets were set at 95% and 105% of target respectively.

The Adjusted Group PBIT target and outcome for the purposes of the Annual bonus calculation differ from Adjusted Group PBIT disclosed elsewhere in this Annual Report, primarily because both the target and outcome numbers are calculated by applying GSK's budget exchange rates and not actual exchange rates.

The following table shows actual bonuses earned compared to the bonus opportunity for 2020:

Bonus	2020 bonus opportunity			Financial performance (% of salary)	Individual objectives (% of salary)	2020 bonus outcome	
	Target (% of salary)	Maximum (% of salary)	2020 Base salary			Total 2020 bonus (% of salary)	Total 2020 bonus 000
Emma Walmsley			£1,199,176		55.5	97.5	£1,169
Iain Mackay	100	200	£871,250	42	51	93	£810
Dr Hal Barron			\$1,786,060		55.5	97.5	\$1,741

The table below provides more detail on delivery against Adjusted Group PBIT:

Financial performance

- Strong financial leadership of the Group in a challenging year
- Delivered full year reported Group sales of £34bn (+1% AER, +3% CER), with Vaccines sales impacted by lower US adult vaccination volumes through COVID-19 disruption and partially offset by growth drivers in Respiratory and HIV
- Adjusted Group PBIT of £8,939m below target driven by lower sales but delivery supported by effective cost control
- Adjusted EPS of 115.9p (-6% AER, -4% CER) in line with guidance, delivery supported by effective cost control

Annual report on remuneration continued

Pay for performance (audited) continued

The following table summarises performance against the scorecard of individual objectives agreed by the Committee for each Executive Director, in addition to their contribution to the financial performance for 2020:

Individual objectives

Emma Walmsley

- Continued focus and progress against long-term IPT priorities
- Robust and agile commercial execution in exceptional circumstances; Pharmaceuticals and Vaccines sales £24.1bn, Consumer Healthcare £10bn. Strong growth from new and specialty Pharmaceuticals £9.7bn (+11% AER, +12% CER). *Shingrix* £2bn (+10% AER, +11% CER) despite impact of COVID-19 disruption. 28 first-market launches for Consumer Healthcare
- Significant progress in strengthening and advancing a sustainable pipeline of transformational Pharmaceuticals and Vaccines, with 9 major approvals, 9 pivotal study starts and over 20 late-stage assets in development
- COVID-19 solutions including global partnerships for first- and second-generation vaccines and therapeutics, and providing expertise and donations to support local response
- Transformation and separation plans on track to deliver two new competitive companies in 2022. Consumer Healthcare JV with Pfizer commercial integration delivered and remaining programme on track
- Supply chain reliability during severe disruption and continued network simplification
- Sustained progress and leadership in ESG and Global Health. New environmental sustainability commitments in climate and nature launched, expanded plans to accelerate our progress on Inclusion & Diversity, and continued top quartile recognition in external ESG ratings, including 1st place in Access to Medicines Index and 2nd place in Dow Jones Sustainability Index
- New leadership accountabilities and training. 13% new in role for our top 125 enterprise key roles, 38% women at Senior Vice President and Vice President level, with aspiration set for race and ethnicity representation in the US & UK
- Progress towards a *Purpose and Performance* culture accelerated through COVID-19 and reflected in highest employee engagement rates recorded to date. Continued focus on values and expectations through disruption and remote working, and launch of new flexible working approach
- Key leadership role in preparation for separation into two new competitive companies

Iain Mackay

- Strong financial leadership of the Group in challenging year
- Delivered full year reported Group sales of £34bn (+1% AER, +3% CER), with Vaccines sales impacted by lower US adult vaccination volumes through COVID-19 disruption and partially offset by growth drivers in Respiratory and HIV
- Adjusted EPS of 115.9p (-6% AER, -4% CER) in line with guidance, delivery supported by effective cost control
- Key leadership role in preparation for separation into two new competitive companies
- Strong oversight across Finance and Tech during transformation and through extreme COVID-19 disruption

Dr Hal Barron

- R&D strategy further strengthened and advancement of pipeline: with 40 potential new medicines and 17 vaccine candidates, 9 major product approvals and 9 pivotal study starts. Over 20 significant business development deals executed to augment the pipeline, including: Vir Biotechnology, CureVac, Surface Oncology, The Broad Institute and Adrestia
- Over 70% of research targets genetically validated, more than 30 targets identified from our 23&Me collaboration and the 1st jointly identified target in clinical development
- Advanced technology capability build continues with new London AI hub opened, UK Functional Genomics network, NVIDIA collaboration and key external hires in AI and ML. New talent in 18% of key R&D roles (79% external hires)
- Significant progress towards one Biopharma, with “One Development” organisation implemented and strong foundation for single approach to governance and capital allocation
- Employee confidence in pipeline up +8% and strong engagement across R&D organisation at 83%
- Continuing to build GSK’s reputation for Innovation and external pipeline perception through significant engagement on major platforms, with media and investors

Malus and clawback policy

For details of our policy on malus and clawback, please refer to the company’s Remuneration policy report on page 144 of the 2019 Annual Report, available on GSK.com.

The Committee reviews and discloses whether it (or the Recoupment Committee) has exercised malus or clawback.

Disclosure is only made when the matter has been the subject of public reports of misconduct, where it has been fully resolved, where it is legally permissible to disclose and where it can be made without unduly prejudicing the company and therefore shareholders.

In line with these disclosure guidelines, neither the Committee (nor the Recoupment Committee) exercised malus or clawback during 2020.

Other policies

For details of our existing policies on recruitment remuneration, loss of office and termination payments, please refer to the 2020 Remuneration policy report on pages 141 to 150 of the 2019 Annual Report, available on gsk.com.

Annual report on remuneration continued

Pay for performance (audited) continued

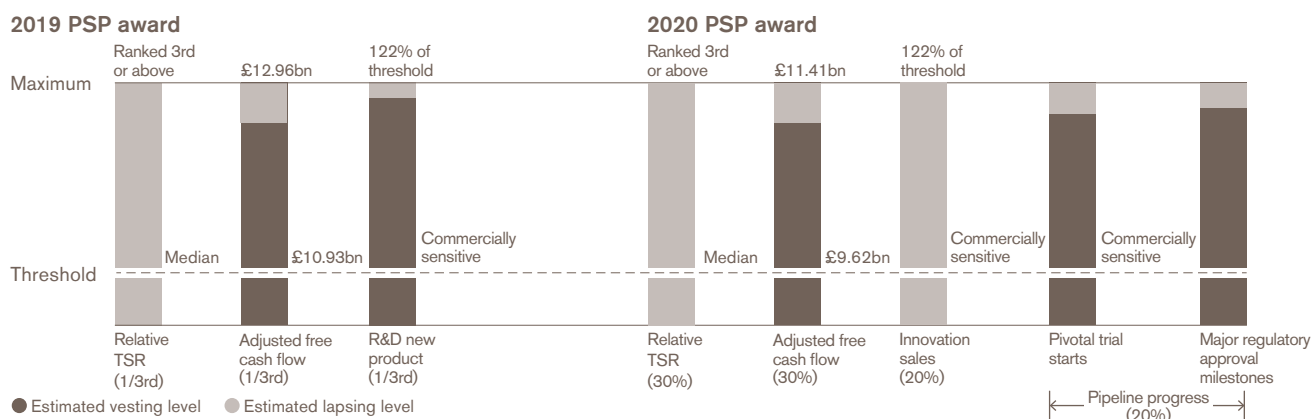
Update on performance of ongoing LTI awards

The Committee also reviewed the performance of the PSP awards granted to Executive Directors in 2019 and 2020.

The following charts provide an estimate of the vesting levels taking into account performance to 31 December 2020. Actual vesting levels will only be determined based on performance over the full three-year performance periods. The indications below should therefore not be regarded as predictions of the final vesting levels. The AFCF threshold and associated vesting scales for the 2019 and 2020 PSP awards have been adjusted. The net overall impact is an increase of £0.19bn to £10.93bn for the 2019 award and a decrease of £0.37bn to £9.62bn for the 2020 award.

These adjustments are to take account of the following items: revised phasing of the Future Ready programme restructuring cash payments and separation costs based on detailed programme and separation planning undertaken in 2020, revised timing of Future Ready programme divestments, cancellation of one of the Future Ready programme divestments.

There are no changes to the targets set for the R&D new product, Innovation sales (previously named R&D new product) or the relative TSR performance measures for the 2019 and 2020 awards.



For threshold performance 25% of each award will vest in respect of each performance measure. Individual 2019 LTI award levels appear on page 126 of the 2019 Annual Report. They are set out below for the 2020 LTI awards.

Historical vesting for LTI plans

Year of grant	Vesting %				Lapsed %	Total vested %
	Relative TSR	Adjusted free cash flow	R&D new product	Business diversification		
2010	9	16			75	25
2011	0	13	16	11	60	40
2012	0	0	7	7	86	14
2013	0	0	21	17	62	38
2014	0	0	33		67	33
2015	15	21	33		31	69
2016	0	26	33		41	59
2017	0	33	33		33	67
2018	0	33	33		33	67

For the DABP, the 2010 awards were only subject to TSR performance and from 2011 awards were subject to the same performance measures as PSP awards.

2020 LTI awards

The 2020 DABP awards (in respect of the deferral of 2019 bonus) and the 2020 PSP awards are shown in the table below.

	2019 % of total bonus deferred	2020 DABP awards			2020 PSP awards	
		Number of shares	Face value of award ⁽¹⁾	Award level as % of base salary	Number of shares	Face value of award ⁽²⁾⁽³⁾
Emma Walmsley		52,169 shares	£0.877m	575%	410,090 shares	£6.9m
Iain Mackay	50%	35,223 shares	£0.592m	400%	207,267 shares	£3.5m
Dr Hal Barron		30,547 ADS	\$1.337m	500%	203,981 ADS	\$8.9m

(1) The face values of the DABP awards have been calculated based on a share price of £16.81 and an ADS price of \$43.78, being the closing prices on 13 February 2020 (the day before grant). These are nil-cost options for the UK Executive Directors and restricted shares for the US Executive Director. No performance conditions are attached to the DABP awards, as they reflect the mandatory deferrals in respect of the 2019 annual bonus earned.

(2) The face values of the PSP awards have been calculated based on a share price of £16.81, and an ADS price of \$43.78, being the closing prices on 13 February 2020 (the day before grant). These are conditional shares, based on the performance measures outlined above.

(3) The performance period for the 2020 PSP awards is from 1 January 2020 to 31 December 2022.

Annual report on remuneration continued

Directors' pay in a wider setting

Internal context

In setting executive pay it is important that the Committee and I do so with a good understanding of wider workforce pay. To that end on an annual basis I meet with our Human Resources Business Leaders (HRBLs) of Global Support Functions, Pharmaceuticals, ViiV Healthcare, Vaccines and Consumer Healthcare to understand perspectives on pay and GSK's remuneration package for the wider workforce.

When I met with the HRBLs this year, we discussed the current enterprise-wide themes for employees for the wider group, namely:

- Attract, recruit and retain key talent to support an ambitious business agenda and working towards separation of the Biopharma and Consumer Healthcare businesses
- Inclusion and diversity
- Pay reviews, including delivery of fair pay and setting appropriate salary budgets
- Pensions changes being undertaken in the US and those proposed in the UK and under consultation.

We also discussed how different pay levels/cultures in different markets and moving key talent between markets was handled.

Finally, Dr Vivienne Cox, our Workforce Engagement Director, is a valued member of the Committee and continues to bring employee perspectives into the Committee's discussions.

Urs Rohner

Remuneration Committee Chair

Remuneration structure for employees

Element	Wider workforce pay	Comparison with Executive Director and CET pay
Salary	<ul style="list-style-type: none"> – The market competitiveness of salaries across the company is assessed at a local market level. The competitiveness of roles, which is measured against the external market and internal peers, is kept under regular review 	<ul style="list-style-type: none"> – For our Executive Directors and for the CET, ordinarily increases in base salaries are in line with the average of the wider employee population unless there is a change in scope of the individual's role, responsibilities or experience
Pensions and benefits	<ul style="list-style-type: none"> – The company seeks to provide an appropriate pensions and benefits package that is aligned to competitive market practices in those countries in which the company operates and our employees are based 	<ul style="list-style-type: none"> – Our Executive Directors and the CET are eligible to receive benefits broadly in line with the policy for our other employees, which may vary by location – Pension arrangements are structured in accordance with where our Executive Director or CET member is expected to retire. Current and future UK and US Executive Directors will have their pension arrangements aligned to the wider UK and US workforce by 1 January 2023
Annual bonus	<ul style="list-style-type: none"> – With the exception of our sales force, who participate in separate arrangements, our wider workforce participates in a plan based on performance against four business and financial measures (three measures for Consumer Healthcare). This is structured to reflect the priorities of the specific business area – This plan is designed to reward our employees' collective contribution to business achievement. Separate mechanisms are in place to recognise outstanding individual performance or to address under-performance 	<ul style="list-style-type: none"> – Our Executive Directors and the CET participate in a plan based on an assessment of a combination of stretching financial / business and personal objectives – Our Executive Directors are required to defer 50% – and the CET 25% – of any bonus earned into shares or ADSs as appropriate for three years – Clawback and/or malus provisions apply
LTI plans	<ul style="list-style-type: none"> – Our employees at Senior Vice President (SVP) and Vice President (VP) level participate in the same PSP as our Executive Directors and the CET with the same performance targets and periods – Clawback and/or malus provisions apply – Our SVP and VP employees, together with Directors and Managers below the CET, receive annual Share Value Plan awards of restricted shares 	<ul style="list-style-type: none"> – Our Executive Directors and the CET are granted annual PSP awards with the same performance targets and periods – Our Executive Directors are required to hold vested awards for an additional two-year period – Clawback and/or malus provisions apply – Our Executive Directors and the CET do not receive Share Value Plan awards following appointment

Annual report on remuneration continued

Directors' pay in a wider setting continued

CEO pay ratios

Financial year	Methodology	(Lower Quartile) P25	(Median) P50	(Upper Quartile) P75
2020		130:1	96:1	62:1
2019	Option A	160:1	119:1	73:1
2018		122:1	90:1	56:1

The pay ratios above are calculated using actual earnings for the CEO and UK employees. The CEO total single figure remuneration of £7,031,871 for 2020 and £8,084,000 for 2019 (restated) are detailed on page 115 of this Report.

Total remuneration for all UK full-time equivalent employees of the company on 31 December 2020 has been calculated in line with the single figure methodology, except for employer pension contributions for employees with a Defined Benefit pension due to the cost and complexity of such calculations. Instead, the Future Service Rate agreed at the most recent actuarial funding valuation has been used for these employees. Otherwise this reflects their actual earnings received in 2020 (excluding business expenses), which were used to produce the percentile calculation under Option A of the Remuneration regulations. Business expenses have been excluded as they are reimbursed to employees and not sufficiently substantial in value to significantly impact the ratios.

GSK continues to choose Option A because it is the most robust and statistically accurate way for the company to calculate the three ratios from the options available in the Remuneration regulations. The decrease in the pay ratio for 2020 is due to the lower pay for performance elements (bonus, PSP and the discontinuation of DABP matching awards) received compared to 2019.

Set out in the table below is the base salary, and total pay and benefits for each of the percentiles.

£	2020			2019			2018		
	P25	P50	P75	P25	P50	P75	P25	P50	P75
Salary	36,924	34,510	33,090	50,000	47,029	44,944	70,203	66,561	64,185
Total pay and benefits	54,133	50,467	48,370	73,340	68,200	65,149	113,830	110,638	105,045

The Committee believes that the median pay ratio is consistent with the company's pay, reward and progression policies. The base salaries of all employees, including the Executive Directors, are set with reference to a range of factors including market practice, experience and performance in role.

Supplemental/Additional ratios

GSK's CEO pay ratio is likely to vary, potentially significantly, over time since it will be driven largely by CEO variable pay outcomes. In line with our reward principles, the CEO has a larger portion of her pay based on performance than the individuals at P25, P50 and P75. This means that depending on GSK's performance the ratio could increase or decrease significantly. The Committee believes that our senior executives should have a significant proportion of their pay directly linked to performance.

In light of this we have also provided supplemental ratios, where LTI compensation has been excluded. We believe this provides an additional view as LTIs formed a substantial percentage of the CEO's total remuneration, which is highly variable and dependent on business performance. The CEO 2020 total remuneration excluding LTI compensation is £2,754,000.

Financial Year	Methodology	P25	P50	P75
2020		51:1	38:1	26:1
2019	Option A*	65:1	48:1	32:1
2018		70:1	52:1	34:1

* Total remuneration less vesting of long-term incentive awards.

Percentage change in remuneration of CEO

	Emma Walmsley		UK Employees
	2020 £000	% change	% change
Salary	1,199	8.0%	2.5%
Benefits	141	(26.6)%	0.0%
Annual bonus	1,169	(33.4)%	1.1%

For the wider UK employee population, the salary increase includes the annual salary review as well as any additional changes in the year, e.g. on promotion. UK employee benefits are unchanged on the previous year as there have been no changes to our benefit policies or levels. It does not reflect any changes to the level of benefits an individual may have received as a result of a change in role, e.g. on promotion. The UK employee population was considered to be the most relevant comparison as it most closely reflects the economic environment encountered by the CEO.

Historic CEO remuneration

Emma Walmsley	£000					
	2020	2019	2018	2017		
Total remuneration	7,031	8,094	5,887	4,883 ⁽¹⁾		
Annual bonus award ⁽²⁾ (% of maximum)	49%	79%	93%	77%		
Vesting of LTI awards (% of maximum)	67%	67%	59%	69%		
Sir Andrew Witty	£000					
	2017	2016	2015	2014	2013	2012
Total remuneration	715 ⁽²⁾	6,830	6,661	3,902	7,207	4,386
Annual bonus award ⁽²⁾ (% of maximum)	0% ⁽²⁾	97%	100%	42%	88%	44%
Vesting of LTI awards (% of maximum)	0% ⁽³⁾	33%	38%	14%	31%	24%

(1) Emma Walmsley's total remuneration includes her pay for the period 1 January to 31 March 2017, before she became CEO.

(2) Sir Andrew Witty received a pro-rata payment for 2017 in lieu of a variable bonus opportunity, in accordance with the 2014 Remuneration policy.

(3) PSP and DABP awards for Sir Andrew Witty granted in 2015 did not vest until April 2018, in accordance with the terms of the Executive financial recoupment policy.

Annual report on remuneration continued

Directors' pay in a wider setting continued

Percentage change in remuneration of Directors

	2020 percentage change		
	Salary/fee %	Benefits %	Bonus %
UK Employees	2.5	0.0	1.1
Executive Directors⁽¹⁾			
Emma Walmsley	8.0	(26.6)	(33.4)
Iain Mackay ⁽²⁾	5.6	11.5	(31.6)
Dr Hal Barron	2.5	(91.2)	(34.9)
Non-Executive Directors^(1,3,4,5)			
Sir Jonathan Symonds ⁽⁶⁾	201.7	0.0	–
Charles Bancroft ⁽⁷⁾	–	–	–
Vindi Banga	23.6	(50.0)	–
Dr Vivienne Cox	55.4	(75.0)	–
Lynn Elsenhans	(12.3)	(73.3)	–
Dr Laurie Glimcher	(18.2)	(55.3)	–
Dr Jesse Goodman	(12.5)	(65.2)	–
Judy Lewent	(17.6)	(85.4)	–
Urs Rohner	16.3	(69.2)	–

(1) Percentage changes have been calculated based on the 2020 Total remuneration table on page 115 for Executive Directors and the 2020 Total fees table on page 129 for Non-Executive Directors.

(2) Iain Mackay joined the Board on 14 January 2019 whereas in 2020 he received his full base salary for the year.

(3) Fees of Non-Executive Directors include fees received as cash and in the form of shares or ADS under the terms of the Non-Executive Directors' share allocation plan.

(4) The reduction in fees of US-based Non-Executive Directors is due to a reduction in intercontinental travel fees during the year relating to virtual attendance at Board and Committee meetings due to COVID-19.

(5) Benefits of Non-Executive Directors decreased significantly during the year due to a reduction in travel and subsistence costs incurred in relation to virtual attendance at Board and Committee meetings due to COVID-19.

(6) Sir Jonathan Symonds was appointed to the Board on 1 September 2019.

(7) Charles Bancroft was appointed to the Board on 1 May 2020.

Relative importance of spend on pay

The table shows total employee pay and the Group's dividends paid to shareholders.

	Change %	2020 £m	2019 £m
Total employee pay	4.0	10,249	9,855
Dividends paid in the year	0.6	3,977	3,953

The figures in the table above, which reflect payments made during each year and the impact of movements in exchange rates, are as set out on pages 171 and 178. However, dividends declared in respect of 2020 were £3,984 million (2019 – £3,966 million) an increase of 0.45%.

Total employee pay is based on 95,884 employees, the average number of people employed during 2020 (2019 – 97,214).

There were no share repurchases made by the company during 2020 and 2019.

All-employee share plans

UK Executive Directors may participate in HMRC approved all-employee share plans with the wider UK workforce, i.e. Share Save and Share Reward plans.

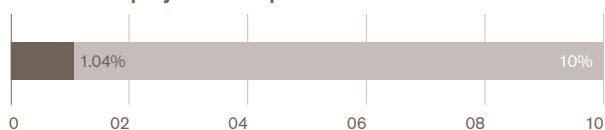
Participants of the Share Save plan may save up to £250 a month for three years and at the end of the period have the option to buy GSK shares at a 20% discount to the share price at the start of the savings contract. Participants of the Share Reward plan contribute up to £125 a month to purchase GSK shares which the company then matches.

For further details see page 130.

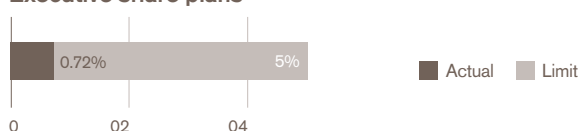
Dilution limits

All awards are made under plans which incorporate dilution limits consistent with the guidelines published by the Investment Association. These limits are 10% in any rolling ten-year period for all plans and 5% in any rolling ten-year period for executive share plans (granted to senior executives). Estimated dilution from existing awards made over the last ten years up to 31 December 2020 is as follows:

All GSK employee share plans



Executive share plans



Annual report on remuneration continued

Directors' pay in a wider setting continued

External context

Comparator groups for pay and relative TSR

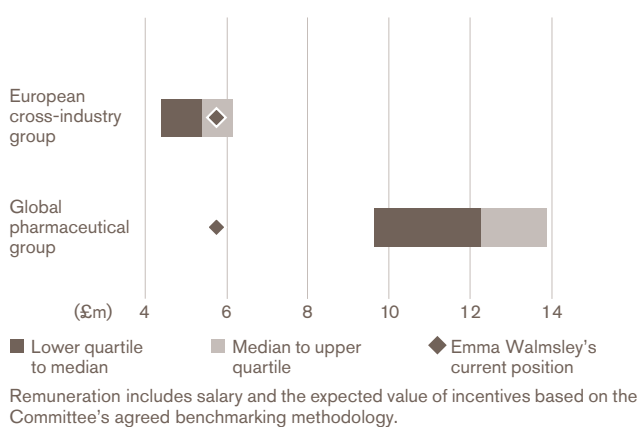
The Committee used two pay comparator groups when considering executive pay for 2020. The Global pharmaceutical comparator group is also used to measure relative TSR performance. The primary groups used for each Executive Director were as follows:

	European cross-industry comparator group				Global pharmaceutical comparator group	
Emma Walmsley	Roche Holding AG	Linde	Deutsche Telekom	Dr Hal Barron	France	US
Iain Mackay	Novartis	Sanofi	Kering		Sanofi	AbbVie ⁽¹⁾
	LVMH	AstraZeneca	Heineken		Amgen ⁽¹⁾	
	Anheuser-Busch Inbev	Diageo	BASF		Switzerland	Bristol-Myers Squibb
	Unilever	Siemens	Vinci		Novartis	Eli Lilly
	SAP	Christian Dior	Adidas		Roche Holdings	Johnson & Johnson
	L'Oreal	Inditex	Bayer		UK	Merck & Co
	Novo Nordisk A/S	BAT	Safran		AstraZeneca	Pfizer
	Airbus	Volkswagen	Reckitt Benckiser			

(1) AbbVie and Amgen are included for remuneration benchmarking, but are not included in the relative TSR comparator group.

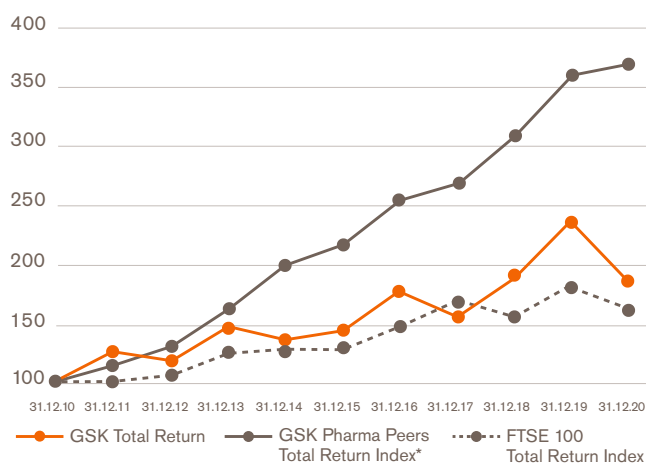
2020 CEO total remuneration positioning

When reviewing the CEO's remuneration, the Committee has also referenced pay for the Global pharmaceutical group.



Performance graph

The following graph sets out the performance of the company relative to the FTSE 100 index and to the pharmaceutical performance comparator group for the ten-year period to 31 December 2020. These indices were selected for comparison purposes as they reflect both the primary index of which GSK is a constituent and the industry in which it operates.



Annual report on remuneration continued

Implementation of Remuneration policy for 2021

Fixed Pay

Salary

The Committee considered the average increases being awarded to employees below the level of Executive Directors in the UK and US. After due consideration, it was agreed that it was appropriate to award increases in line with the wider workforce to the CEO, CFO and CSO to ensure the competitiveness of their remuneration could be maintained.

Base salary	2021	% change
Wider workforce ⁽¹⁾	–	
Emma Walmsley	£1,223,160	2
Iain Mackay	£888,675	
Dr Hal Barron	\$1,821,781	

(1) Based on the average increase budget for employees below the level of CET in the UK and US.

Benefits

No significant changes to the provision of benefits are proposed for 2021. For full details of the policy in relation to benefits, please refer to the details in the 2020 Remuneration policy report on pages 141 to 150 of the 2019 Annual Report, available at gsk.com in the Investors section.

Pension

The table below provides an overview of the pension arrangements for each ongoing Executive Director in 2021.

The Committee has previously committed to reduce existing UK Executive Directors' pensions to align with the wider UK workforce by 1 January 2023. The Committee has also determined that the pension contributions of the CSO will also be aligned with the wider US workforce by 1 January 2023. Any new UK-based or US-based Executive Director's pension will be aligned to the appropriate wider workforce on appointment.

	2021 Pension contribution
Emma Walmsley	20% of base salary and matching contributions of 5% on the first £13,333 of salary in accordance with the terms of the plan open to all employees, and 20% of base salary in lieu of pension on salary in excess of £13,333
Iain Mackay	
Dr Hal Barron	38% of base salary, less a contribution to the 401(k) and ESSP equivalent to 5% of total base salary and bonus (net of the bonus deferred under the DABP). In addition, in line with the wider US workforce, from 1 January 2021, a combined contribution rate under the 401(k) and ESSP plans of 11% (7% core contribution plus a match of up to 4%) of total base salary and bonus (net of the bonus deferred under the DABP).

Pay for performance

Annual bonus

There are no changes to the operation of the Annual bonus plan.

For full details of the policy in relation to the Annual bonus plan, please refer to the details on page 142 of the 2020 Remuneration policy report of the 2019 Annual Report.

	Bonus opportunity % of salary		Weighting of performance measures %	
	Target	Maximum	Adjusted Group PBIT	Scorecard of individual objectives
Emma Walmsley				
Iain Mackay	100	200	70	30
Dr Hal Barron				

In setting and assessing performance levels of the Executive Directors, the Committee considers performance against the company's Trust business priority (see page 33) which reflects the Group's approach to ESG factors.

Inevitably, targets linked directly to the financial and strategic plan are commercially sensitive. The Committee does not consider it appropriate to disclose Annual bonus targets during the year, as it may result in competitive harm. However, details of the performance targets, as usual, will be disclosed on a retrospective basis in the 2021 Annual Report.

Deferred Annual Bonus Plan (DABP) 2021 awards

The table below provides details of the mandatory deferral into the DABP of 50% of 2020 Annual bonus payments and the associated awards granted. The shares awarded have no performance conditions, but must be held for three years, regardless of continued employment.

	Total bonus deferred into shares %	DABP awards	
		Shares	ADS
Emma Walmsley		45,779	
Iain Mackay	50	31,725	
Dr Hal Barron			24,355

Performance Share Plan (PSP) 2021 awards

The table below provides details of awards granted under the PSP:

	PSP award ⁽¹⁾		
	% of salary	Shares	ADSs
Emma Walmsley	575	550,757	
Iain Mackay	400	278,363	
Dr Hal Barron ⁽²⁾	500		254,794

(1) The awards were granted on 10 February 2021 at a price of £12.77 per share and \$35.75 per ADS.

(2) The Board is engaging with shareholders on the potential to provide a one-off additional performance incentive award to the CSO. This aims to support continuity of management and delivery of our Biopharma R&D pipeline, thereby proactively addressing one of the principal risks to the creation of sustainable shareholder value over the next few years. These discussions are ongoing and any resulting proposal would, of course, be set out in full ahead of a specific vote at the 2021 AGM.

Annual report on remuneration continued

Implementation of Remuneration policy for 2021 continued

LTI performance measures

The measures and weighting for the 2021 LTI awards remain unchanged from those used for the 2020 awards. The weightings for the four LTI measures are:

LTI measure	Measure	Weighting
Innovation	Innovation sales	20%
	Pipeline progress	20%
Performance	Relative TSR	30%
	Adjusted free cash flow	30%

Innovation

The **Innovation sales** measure recognises the importance of launching new products successfully and driving their performance is key to our commercial success.

The **Pipeline progress** measure further increases our emphasis on Innovation and seeks to reward acceleration and strengthening of the pipeline. This is based on two equally weighted elements of our key assets or indications measured over a three-year performance period.

Points are allocated for successful assets in each sub-measure based upon their forecast commercial value (peak year sales) at the end of the performance period.

The sub-measures for the 2021 award will vest as follows:

Pivotal Trial Starts

Focuses mainly on phase III registrational trial starts, but may also include phase II starts (eg in oncology).

Performance level	Points	Payout
Below Threshold	<12	Nil
Threshold	12	25%
	14	50%
	15	75%
Maximum	17	100%

Major Regulatory Approvals

Performance level	Points	Payout
Below Threshold	<13	Nil
Threshold	13	25%
	15	50%
	17	75%
Maximum	19	100%

The targets for Innovation sales and Pipeline progress measures are of their nature commercially sensitive at the time of grant. At the end of the performance period we will provide full disclosure of what has been achieved.

Performance

Relative TSR will continue to be measured against GSK's Global pharmaceutical comparator group (see page 125).

The targets for the Adjusted free cash flow measure for the 2021 grant are:

	Target £bn	% vesting
Maximum	9.50	100
	9.08	75
	8.26	50
Threshold	8.01	25

Trust – business priority

When setting targets and reviewing performance against all LTI measures, the Committee considers and reflects on the company's Trust business priority. Our Trust priority reflects the company's approach to ESG factors (see page 33).

Shareholdings versus Share Ownership Requirement (SOR)

	SOR % of salary	Value of holdings as % of salary	
		3 March 2021	31 December 2020
Emma Walmsley	650	858	669
Iain Mackay	300	55	32
Dr Hal Barron	300	444	232

Shares subject to performance conditions are excluded from each Executive Director's SOR calculation until the end of the performance period. These vested shares are then included as part of the Director's SOR to the extent that the performance conditions are met. The value of the holdings has been calculated on a post-tax basis.

For Dr Hal Barron, ADS contributing to his SOR include his investments under the GSK 401(k) plan and the ESSP. During the year, he re-allocated his funds in both plans to the GSK Stock Fund.

Emma Walmsley and Dr Barron currently exceed their SOR. Iain Mackay, who joined the Board in early 2019, is currently working towards satisfying his SOR.

The company has processes in place to ensure that each Executive Director's SOR will continue to be satisfied after leaving GSK, including the monitoring of nominee accounts. Each Executive Director also agrees to the terms of the SORs within their service contract.

Annual report on remuneration continued

Remuneration governance

Committee role and membership

These details are available on page 96 and are incorporated by reference to this Report. The Chairman, CEO, Heads of HR and Reward, Group Financial Controller and the Company Secretary assisted the Committee during the year.

Adviser to the Committee

PricewaterhouseCoopers LLP (PwC) has been the independent adviser to the Committee since it was appointed in 2018 after a full commercial tender exercise was concluded by the company. PwC is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at www.remunerationconsultantsgroup.com.

During the year, PwC did not have any other connection with the Committee members or other Board Directors. However, it did provide other consulting and assurance services to the company. In line with the protocols agreed and set by the Committee Chair under which PwC provided their advice, the Committee is satisfied that such advice has been objective and independent. PwC has provided independent commentary on matters under consideration by the Committee and updates on market practice and legislative requirements. PwC's fees for advice during the year, which were charged on both a fixed and a time and materials basis, were £170,975.

Willis Towers Watson provided additional market data to the Committee.

Shareholder votes on remuneration matters

	Total votes cast (billion)	Total votes for (%)	Total votes against (%)	Votes withheld (million)
Remuneration report				
2020 AGM	3.4	94.5	5.5	24.5
Remuneration policy				
2020 AGM	2.7	88.2	11.8	620.1

Service contracts and letters of appointment

The table below sets out the dates of the Executive Directors' service contracts, which are available for review at the company's registered office and on gsk.com. Each Executive Director's service contract contains a 12-month notice period.

	Date of contract	Effective date	Expiry date
Emma Walmsley	29.03.17	01.04.17	30.06.34
Iain Mackay	18.09.18	14.01.19	n/a
Dr Hal Barron	16.12.17	01.01.18	31.12.24

The Non-Executive Directors (NED) have letters of appointment, which are available to view at the company's registered office. Each NED is expected to serve on the Board until the end of the AGM following the third anniversary of their appointment. This is subject to election and subsequent annual re-election. Subject to mutual agreement, they are each expected to serve a further three years, and normally up to nine years from appointment in line with the provisions of the 2018 Code, subject to annual re-election.

Committee focus during 2020

Remuneration policy

The Committee sets the broad structure for the Remuneration policy and determines the remuneration of the Executive Directors, the Chairman and other corporate officers.

Items discussed:

- Proposed 2020 Remuneration policy
- Remuneration impact of major Group restructuring
- Engagement with shareholders and consideration of feedback

Salary review

The Committee periodically reviews and considers the remuneration environment of Executive Directors and CET, approving annual adjustments as necessary having regard to the remuneration of the wider workforce.

Items discussed:

- Review of remuneration environment (including wider employee trends)
- Executive Director and CET benchmarking, competitiveness and GSK comparator groups
- CET and Company Secretary salary review and recommendations for 2020
- Executive Director salary review and recommendations for 2021

Annual bonus

The Committee is responsible for setting specific performance measures for the Annual bonus and for assessments of performance.

Items discussed:

CEO, Executive Directors and CET 2019 bonus recommendations and 2020 CEO bonus objectives

LTI plans

The Committee is responsible for approving LTI plan rule changes, grants, assessments of performance, and the vesting of LTI awards for the Executive Directors, CET and below (including interim awards).

Items discussed:

- LTI performance outcomes and vesting of LTI awards for CET and below
- Confirmation of LTI grants for CET and below
- Implementation and embedding of new Pipeline progress measure

Governance and other areas of focus

The Committee adheres to a robust remuneration governance framework, ensuring alignment between internal actions and external reporting/compliance requirements.

Items discussed:

- Review of Terms of Reference
- Committee evaluation annual review
- 2019 Remuneration report and proposal of 2020 Remuneration Policy
- Confirmation of 2020 Group Budget for remuneration purposes
- Remuneration considerations and committee programme for 2020
- AGM and Remuneration report feedback, the external remuneration environment and performance target disclosure for incentive plans
- 2020 Remuneration report disclosures, including CEO pay ratio
- Annual governance meeting and key Committee messages
- Committee Chair consultation with employee representatives on setting pay and wider workforce pay practices

Annual report on remuneration continued

Non-Executive Directors' fees

Chairman and other Non-Executive Directors

The company aims to provide the Chairman and other Non-Executive Directors with fees that are competitive with those paid by other companies of equivalent size and complexity, subject to the limits contained in its Articles of Association.

Chairman's fees

The Chairman is paid a fee of £700,000 per annum, of which he takes 25% in GSK shares. The Chairman's fees were reviewed on the appointment of the new Chair. It was concluded they remained appropriate.

2020 Non-Executive Directors' fees

The Non-Executive Directors' fees that applied during 2020 are set out in the table below:

	Per annum
Standard annual fee	£95,000
Supplemental fees	
Chair of the Audit & Risk Committee	£80,000
Senior Independent Director	£50,000
Scientific & Medical Experts	£30,000
Chairs of the Remuneration, Corporate Responsibility and Science Committees	£40,000
Workforce Engagement Director	
Non-Executive Director undertaking intercontinental travel to meetings	£7,500 per meeting

Non-Executive Directors will continue to be required to invest at least 25% of their total net fees in GSK shares or ADS.

Implementation of Non-Executive Directors' policy in 2020

Following a review and engagement with shareholders, Non-Executive Directors' standard fees and fees payable to the Senior Independent Director and other Committee Chairs (including the Remuneration, Corporate Responsibility and Science Committees) were last increased with effect from 1 January 2020.

As part of shareholder approval of the 2020 Remuneration policy:

- a supplemental fee was introduced with effect from 1 January 2020, payable to the Workforce Engagement Director; and
- payment to a Non-Executive Director of up to the amount paid to a Committee Chair for undertaking additional duties in exceptional or unforeseen circumstances requiring a significant additional time commitment was authorised.

No changes were made to the fees payable to the Chair of the Audit & Risk Committee or Scientific & Medical Experts. We do not expect to make any other increases to the fees payable to Non-Executive Directors during the new policy period. The increases described above reflect the time commitments of these roles.

2020 Total fees (audited)

The audited table below sets out the value of fees and benefits received by the Non-Executive Directors in the form of cash and shares or ADS. Further details of the Non-Executive Directors' share allocation plan are set out on page 131. Non-Executive Directors' fees that are paid in a currency other than Sterling are converted using an average exchange rate that is reviewed from time to time. The average exchange rates were updated in 2020. Benefits comprise the grossed up cash value of travel and subsistence costs incurred in the normal course of business, in relation to attendance at Board and Committee meetings. For overseas-based Directors, this includes travel to meetings in the UK.

Non-Executive Directors' emoluments (000) (audited)	2020				2019			
	Fixed fees			Total pay	Fixed fees			Total pay
	Cash	Shares/ADS	Benefits		Cash	Shares/ADS	Benefits	
Sir Jonathan Symonds	£525	£175	£2	£702	£174	£58	£2	£234
Vindi Banga	£114	£38	£2	£154	£92	£31	£4	£127
Charles Bancroft	–	\$82	–	\$82	–	–	–	–
Dr Vivienne Cox	£107	£36	£2	£145	£69	£23	£8	£100
Lynn Elsenhans	\$93	\$100	\$20	\$213	\$24	\$196	\$75	\$295
Dr Laurie Glimcher	–	\$180	\$34	\$214	–	\$220	\$76	\$296
Dr Jesse Goodman	\$174	\$58	\$23	\$255	\$199	\$66	\$66	\$331
Judy Lewent	\$183	\$61	\$12	\$256	\$222	\$74	\$82	\$378
Urs Rohner	£107	£36	£4	£147	£92	£31	£13	£136

Annual report on remuneration continued

Directors' interests in shares (audited)

Executive Directors' interests in shares

The interests of the Executive Directors of the company in office during 2020 and their persons closely associated (PCA) are shown in the table below:

	Total directors' interests as at		As at 31 December 2020			
			Unvested share plan interests			Subject to performance
	3 March 2021 ⁽¹⁾	31 December 2020 ⁽¹⁾	Beneficial interests	Not subject to performance		
			Shares/ADS ⁽²⁾	Shares/ADS ^(3,6)	Options ^(4,7)	
Shares						
Emma Walmsley	1,150,620	787,639	316,761	281,324	189,554	1,372,409
Iain Mackay	68,879	36,655	–	–	36,655	461,587
ADS						
Dr Hal Barron	359,809	232,193	160,001	72,192	–	716,327

- Total directors' interests** include beneficial interests and unvested share plan interests not subject to performance. The balance as at 3 March 2021 includes shares/ADS awarded in 2018 under the Performance Share Plan (PSP) and the Deferred Annual Bonus Plan (DABP) which vested in February and March 2021 respectively less those sold to satisfy tax liabilities on the vested amounts. Executive Directors' shareholdings versus their SOR are outlined on page 127.
- Beneficial interests** include shares/ADS held by the Executive Directors and their PCAs. For Emma Walmsley, this includes 2,044 shares purchased through the GlaxoSmithKline Share Reward Plan. Iain Mackay does not currently participate in the Share Reward Plan. As a US employee, Dr Hal Barron is not eligible to participate in the Share Reward Plan which is only open to UK employees. Dr Barron's beneficial interests include ADS and notional ADS held by way of his investments in the GSK 401(k) plan and the Executive Supplemental Savings Plan (ESSP). During the year, Dr Barron re-allocated his funds in both plans to the GSK Stock Fund. Further details on Dr Barron's membership of the plans can be found on page 117.
- Unvested shares/ADS not subject to performance** represent PSP shares which have vested but are subject to an additional two-year holding period for Emma Walmsley. Unvested ADS not subject to performance for Dr Barron represent bonus deferrals (as described in note 6 below).
- Unvested options not subject to performance** represent bonus deferrals under the DABP which are awarded as nil-cost options (as described in note 6 below). This figure excludes the 744 Share Save options held by Emma Walmsley.
- Unvested shares/ADS subject to performance** represent unvested PSP awards.
- DABP:** The table below shows bonus deferrals and subsequent reinvestment of dividends under the DABP. The amounts represent the gross shares/ADS balances prior to the sale of any shares/ADS to satisfy tax liabilities on vesting.

Deferred Annual Bonus Plan (Bonus deferrals)	3 March 2021	31 December 2020	1 January 2020
Shares			
Emma Walmsley	169,201	189,554	165,445
Iain Mackay	68,879	36,655	–
ADS			
Dr Hal Barron	97,509	72,192	38,499

As UK employees, bonus deferrals under the DABP are granted as nil-cost options to Emma Walmsley and Iain Mackay and the following table sets out details of nil-cost options exercised. There are no outstanding DABP matching awards following this exercise.

DABP	Date of grant	Number of shares under option	Date of exercise	Grant price	Market price at exercise	Gain on exercise ('000)
Emma Walmsley						
Deferral award	15.02.17	37,221	17.02.20	£0.00	£16.61	£618
Matching award	15.02.17	24,815	17.02.20	£0.00	£16.61	£412

In respect of nil-cost options awarded in 2017 under the DABP, the bonus which is deferred by the Executive Director was recorded as remuneration (under Annual bonus) in the Total remuneration table in respect of 2016. Number of shares under option includes the initial award amount together with reinvested dividends accrued to the date of exercise.

For the matching element of the DABP awarded in 2017, the remuneration of the Executive Director was recorded in the Total remuneration table in respect of 2019 (the year that the performance period ended). The Remuneration Committee granted the last matching award in 2017.

Annual report on remuneration continued

Directors' interests in shares (audited) continued

Non-Executive Directors' interests in shares

The interests of the Non-Executive Directors of the company in office during 2020 and their persons closely associated (PCA) are shown in the table below:

	Total directors' interests as at ⁽¹⁾			Share allocation plan for Non-Executive Directors			
	3 March 2021	31 December 2020	Beneficial interests at 31 December 2020 ⁽²⁾	Dividends reinvested after year end	Number of shares/ADS		
					31 December 2020	Elected & allocated during the year ⁽³⁾	1 January 2020
Shares							
Sir Jonathan Symonds	51,246	47,608	35,757	423	11,851	11,017	834
Vindi Banga	101,940	99,693	71,800	1,581	27,893	3,345	24,548
Dr Vivienne Cox	8,190	7,203	–	366	7,203	2,264	4,939
Urs Rohner	14,069	12,754	–	695	12,754	2,583	10,171
ADS							
Charles Bancroft	2,211	1,367	–	26	1,367	1,367	–
Lynn Elsenhans	43,863	41,135	1,000	2,147	40,135	4,506	35,629
Dr Laurie Glimcher	18,503	16,614	–	813	16,614	5,122	11,492
Dr Jesse Goodman	8,853	8,086	–	412	8,086	1,734	6,352
Judy Lewent	30,437	29,058	10,166	1,003	18,892	2,278	16,614

- Total directors' interests** include beneficial interests and any shares/ADS received as all or part of their fees under the Non-Executive Directors' share allocation plan. Dividends received on shares/ADS under the plan during the year and in January 2021 were converted into shares/ADS as at 3 February 2021.
- Beneficial interests** includes shares/ADS held by the Non-Executive Directors and their PCAs.
- Shares/ADS allocated during the year** under the Non-Executive Directors' share allocation plan includes dividends reinvested during the year.

Directors and Senior Management

Further information is provided on compensation and interests of Directors and Senior Management as a group (the group). For this purpose, the group is defined as the Executive and Non-Executive Directors, other members of the CET and the Company Secretary. For the financial year 2020, the following table sets out aggregate remuneration for the group for the periods during which they served in that capacity.

Remuneration for 2020	£
Total compensation paid	23,279,531
Aggregate increase in accrued pension benefits (net of inflation)	105,252
Aggregate payments to defined contribution schemes	1,280,970

During 2020, members of the group were awarded shares and ADS under the company's various LTI plans, as set out in the table below. To align the interests of Senior Management with those of shareholders, Executive Directors and CET members are required to build and maintain significant holdings of shares in GSK over time. CET members are required to hold shares to an equivalent multiple of two times their base salary, and must continue to satisfy these share ownership requirements for a minimum of 12 months after leaving GSK.

Awarded during 2020	Awards		Dividend reinvestment awards	
	Shares	ADS	Shares	ADS
Deferred Annual Bonus Plan (matching awards)	–	–	956	99
Performance Share Plan	1,682,807	377,238	240,354	64,739
Deferred Investment Awards ^(1,2)	–	–	–	–
Share Value Plan ⁽²⁾	16,380	–	–	–

- Notional shares and ADS.
- Executive Directors are not eligible to receive Deferred Investment Awards or participate in the Share Value Plan.

Annual report on remuneration continued

Directors and Senior Management continued

At 3 March 2021, the group and their PCAs had the following interests in shares and ADS of the company. Interests awarded under the various LTI plans are described in Note 44 to the financial statements, 'Employee share schemes' on page 231.

Interests at 3 March 2021	Shares	ADS
Owned	2,031,335	467,144
Unexercised options	8,030	–
Deferred Annual Bonus Plan	484,413	140,738
Performance Share Plan	6,310,974	1,480,220
Deferred Investment Awards ^(1,2)	374,964	–
Share Value Plan ⁽²⁾	49,560	–

(1) Notional shares.

(2) Executive Directors are not eligible to receive Deferred Investment Awards or participate in the Share Value Plan.

Fees in respect of Executive Directors' external appointments

CEO

Emma Walmsley is an independent non-executive director of Microsoft Corporation. During 2020, she received \$325,000, of which \$125,123 was delivered as cash and \$199,877 as stock options under the Microsoft Corporation's Deferred Compensation Plan for its non-employee directors.

CSO

Dr Hal Barron is a non-executive director of GRAIL Inc (a private company). During 2020, he earned \$40,000 in fees.

Payments to past Directors (audited)

Sir Andrew Witty and Dr Moncef Slaoui left the Board on 31 March 2017 by mutual agreement. Dr Patrick Vallance and Simon Dingemans left the Board on 31 March 2018 and 8 May 2019 as voluntary leavers. The vesting of the DABP awards is governed by the Remuneration policy prevailing at the time each past Director left the Board. The table below reflects the value of the deferred bonuses and accrued dividends to the point of release.

Sir Andrew Witty

	Date of vesting	Number of shares vested
2017 DABP	17 February 2020	40,031

Dr Moncef Slaoui

	Date of vesting	Number of ADS vested
2017 DABP	18 February 2020	12,498

Dr Patrick Vallance

	Date of vesting	Number of shares vested
2017 DABP	17 February 2020	25,200
2018 DABP	1 March 2021	50,301

Simon Dingemans⁽¹⁾

	Date of vesting	Number of shares vested
2017 DABP	9 May 2020	34,314
2018 DABP	1 March 2021	48,628

1) Mr Simon Dingemans' 2017 DABP award vested in May 2020 in accordance with the delayed vesting terms of the Recoupment Policy.

Other benefits: the grossed up costs predominantly for Simon Dingemans' post-employment home security were £6,243.

Payments for loss of office (audited)

No loss of office payments were made in 2020 or 2019.

2020 Remuneration policy summary

The company's Remuneration policy was approved on 6 May 2020 at GSK's Annual General Meeting and has operated as intended since its approval. The full policy is available at gsk.com in the Investors section.

Executive Director remuneration policy

Salary

To provide a core reward for the role. Set at a level appropriate to secure and retain high calibre individuals needed to deliver the Group's strategic priorities.

Operation

Individual's role, experience, performance and independently sourced data for relevant comparator groups considered when determining salary levels.

Salary increases typically take effect in the first quarter of each year.

Salaries are normally paid in the currency of the Executive Director's home country.

Opportunity

There is no formal maximum limit and, ordinarily, salary increases will be broadly in line with the average increases for the wider GSK workforce.

However, increases may be higher to reflect a change in the scope of the individual's role, responsibilities or experience. Salary adjustments may also reflect wider market conditions in the geography in which the individual operates.

Details of current salary levels are set out in the Annual report on remuneration.

Performance measures

The overall performance of the individual is a key consideration when determining salary increases.

Benefits

Levels are set to recruit and retain high calibre individuals to execute the business strategy.

Operation

Executive Directors are eligible to receive benefits in line with the policy for other employees which may vary by location. These include, but are not limited to, car allowances, healthcare, life assurance/death in service (where not provided as part of the individual's pension arrangements), personal financial advice and contractual post-retirement benefits. In line with the policy for other employees, Executive Directors may be eligible to receive overseas relocation allowances and international transfer-related benefits when required. Executive Directors in the UK are also eligible to participate in all-employee share schemes (e.g. Share Save and Share Reward Plan), under which they are subject to the same terms as all other employees.

In order to recognise the high business travel requirements of the role, Executive Directors are also entitled to car travel and exceptionally may be accompanied by their spouse/partner on business trips. Other benefits include expenses incurred in the ordinary course of business, which are deemed to be taxable benefits on the individual.

Where an Executive Director is based outside the UK, but is required to travel to the UK to fulfil the responsibilities of their role and to attend Board Meetings, they may be subject to tax on their business travel expenses to and from the UK and on the provision of any accommodation in the UK. Although in reality it represents a business expense, the tax treatment requires that their travel and accommodation expenses are then included as benefits. Because of the business context, the tax liabilities will be covered by the company on a grossed-up basis.

Benefit provision is tailored to reflect market practice in the geography in which the Executive Director is based and different policies may apply if current or future Executive Directors are based in a different country.

Opportunity

There is no formal maximum limit as benefits costs can fluctuate depending on changes in provider cost and individual circumstances.

Details of current benefits and costs are set out in the Annual report on remuneration.

Performance measure

None

2020 Remuneration policy summary continued

Executive Director remuneration policy continued

Pension	Pension arrangements provide a competitive level of retirement income.
----------------	--

Pension arrangements provide a competitive level of retirement income.

Operation

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

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

Opportunity

The policy for all current Executive Directors is:

UK:

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

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

Any new Executive Directors in the UK will receive from date of appointment:

- 7% of base salary contribution to defined contribution plan and further 3% in matched contributions subject to any relevant cap and in line with implementation principles for other members of the plan; and
 - 7% of base salary as a cash payment in lieu of pension contribution for the portion above the relevant cap;
- or
- 7% of base salary as a cash payment in lieu of pension contribution.

US⁽¹⁾:

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

Any new Executive Directors in the US will receive:

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

Global:

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

Performance measures

None.

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

⁽²⁾ Less bonus deferred under the DABP.

Annual bonus	To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of stretching annual financial and strategic business targets and delivery of personal objectives.
---------------------	--

Operation

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

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

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

The Committee may apply judgement in making appropriate adjustments to bonus outcomes to ensure they reflect underlying business performance. Clawback and/or malus provisions apply as described on page 144 of the 2019 Annual Report.

Opportunity

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

Performance measures

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

2020 Remuneration policy summary continued

Executive Director remuneration policy continued

Selection of annual bonus measures

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

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

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

Performance Share Plan (PSP)

To incentivise and recognise delivery of the longer term business priorities, financial growth and increases in shareholder value compared to other pharmaceutical companies. In addition, to provide alignment with shareholder interests, a retention element, to encourage long-term shareholding and discourage excessive risk taking.

Operation

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

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

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

Clawback and/or malus provisions apply as described on page 144 of the 2019 Annual Report.

Opportunity

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

	% of salary
CEO	600
CFO	400
Other Executive Directors	500

Performance measures

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

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

Share Ownership Requirements

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

	% salary
CEO	650
Other Executive Directors	300

As a minimum, Executive Directors are required to maintain 100% of their share ownership requirements to the end of the first year following retirement from the company and 50% to the end of the second year.

For details of our policy on clawback/malus, recruitment remuneration, loss of office and termination payments, please refer to the full 2020 Remuneration policy report on pages 140 to 149 of the 2019 Annual Report, available at gsk.com in the Investors section.

2020 Remuneration policy summary continued

Scenarios for future total remuneration

The charts opposite provide illustrations of the future total remuneration for each of the Executive Directors in respect of the remuneration opportunity granted to each of them in 2021 under the approved 2020 Remuneration policy. A range of potential outcomes is provided for each Executive Director and the underlying assumptions are set out below.

All scenarios:

- 2021 base salary has been used.
- 2020 benefits figures have been used, i.e. based on actual amounts received in 2020, and for Dr Hal Barron the 2020 pension figures.
- Pensions for Emma Walmsley and Iain Mackay are based upon their 2021 salaries.
- The amounts shown under value of PSP awards are based upon the relevant multiples for 2021. They do not include amounts in respect of dividends reinvested and do not factor in changes in share price over the vesting period (except as described below).

Fixed:

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

Expected:

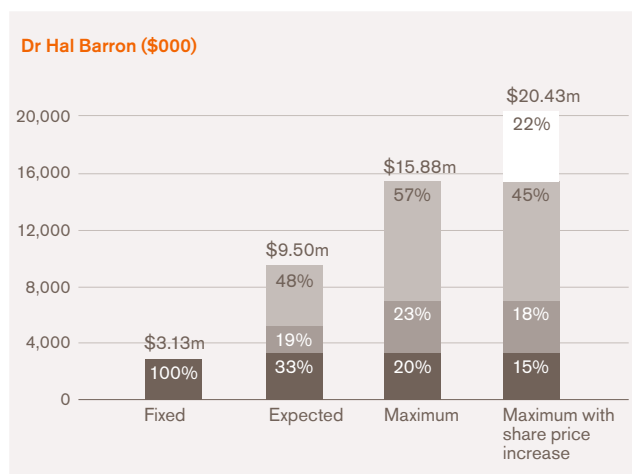
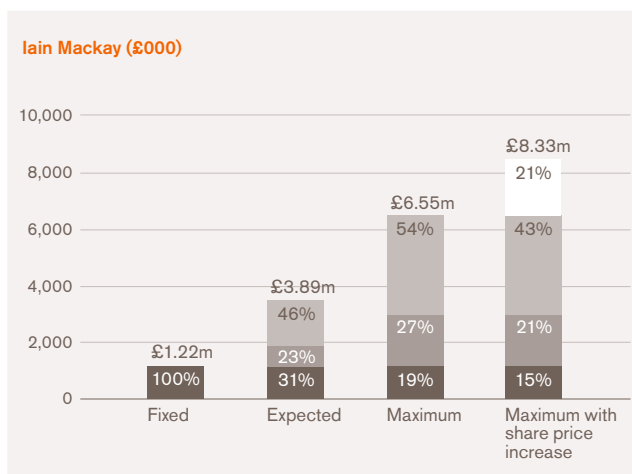
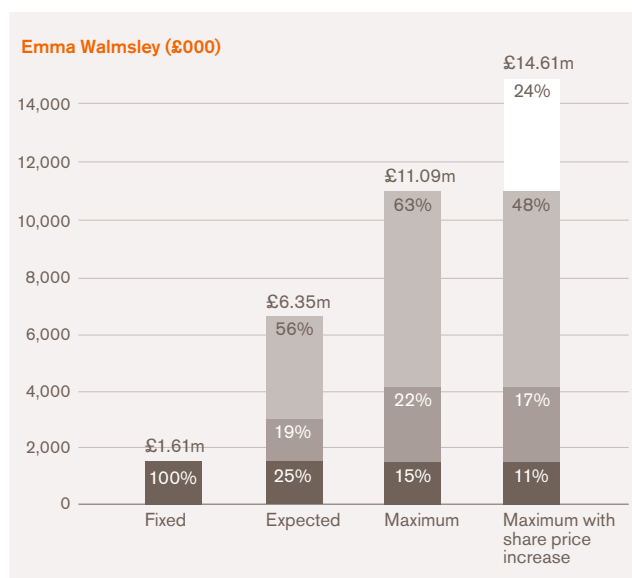
- Includes Fixed pay.
- For the Annual bonus, it is assumed that target performance is achieved.
- For PSP awards, amounts reflect 50% vesting levels.

Maximum:

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

Maximum with 50% share price increase:

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



■ Fixed pay ■ Annual bonus ■ PSP □ 50% share price increase

2020 Remuneration policy summary continued

Non-Executive Director remuneration policy 2020

The company's remuneration policy report was approved on Wednesday 6 May 2020 at GSK's Annual General Meeting. The full policy is available in the Investor section of gsk.com. The following is a summary of this policy.

Non-Executive Directors' fees

Element	Purpose and link to strategy	Operation
Chairman's fees	To provide an inclusive flat rate fee that is competitive with those paid by other companies of equivalent size and complexity subject to the limits contained in GSK's Articles of Association.	<p>There is no formal maximum. However, fees are reviewed annually and set by reference to a review of the Chairman's performance and independently sourced market data.</p> <p>The Committee is responsible for evaluating and making recommendations to the Board on the fees payable to the Chairman. The Chairman does not participate in discussions in respect of his fees.</p> <p>Fees are paid in cash. The Chairman is required to invest at least 25% of his total net fees in shares or ADS of the company.</p>
Basic fees	As above	<p>There is no formal maximum. As with the Chairman, fees are reviewed annually and set by reference to independently sourced data.</p> <p>The Chairman and CEO are responsible for evaluating and making recommendations to the Board on the fees payable to the company's Non-Executive Directors.</p> <p>Fees are paid in cash. Directors are required to invest at least 25% of their total net fees in shares or ADS of the company. The shares or ADS are delivered or released following retirement from the Board.</p>
Supplemental fees	To compensate Non-Executive Directors (other than the Chairman) for taking on additional Board responsibilities or undertaking intercontinental travel.	<p>Additional fees for the Senior Independent Director, Committee Chairs, Scientific and Medical Experts, the Workforce Engagement Director role and intercontinental travel.</p> <p>The company has the authority to pay an additional fee, up to the equivalent of the Committee Chair supplement (£40,000 with effect from 1 January 2020) to a Non-Executive Director, should the company require significant additional time commitment in exceptional or unforeseen circumstances.</p>
Benefits	To facilitate execution of responsibilities and duties required by the role.	<p>Travel and subsistence costs for Non-Executive Directors are incurred in the normal course of business in relation to meetings on Board and Committee matters and other GSK-hosted events. For overseas-based Non-Executive Directors, this includes travel to meetings in the UK. In the event it is necessary for business purposes, whilst not normal practice, Non-Executive Directors may be accompanied by their spouse or partner to these meetings or events. The costs associated with the above are all met by the company and, in some instances, they are deemed to be taxable and therefore treated as benefits for the Non-Executive Director.</p>

Approach to recruitment remuneration

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

Chairman

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

Non-Executive Directors

Fee levels for new Non-Executive Directors will be set on the same basis as for existing Non-Executive Directors of the company. Subject to local laws and regulations, fees will be paid partly in shares.

In the event of a Non-Executive Director with a different role and responsibilities being appointed, fee levels will be benchmarked and set by reference to comparable roles in companies of equivalent size and complexity.

Loss of office

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

2020 Remuneration policy summary continued

Operation and scope of Remuneration policy

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

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

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

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

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

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

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

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

Statement of consideration of shareholder views

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

Basis of preparation

The Annual report on remuneration has been prepared in accordance with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations). In accordance with the Regulations, the following parts of the Annual report on remuneration are subject to audit: total remuneration figures for Executive Directors including further details for each element of remuneration (salary, benefits, pension, annual bonus and long-term incentive awards); Non-Executive Directors' fees and emoluments received in the year; Directors' interests in shares, including interests in GSK share plans; payments to past Directors; payments for loss of office; and share ownership requirements and holdings, for which the opinion thereon is expressed on page 150. The remaining sections of the Annual report on remuneration are not subject to audit nor are the pages referred to from within the audited sections.

The Annual report on remuneration has been approved by the Board of Directors and signed on its behalf by:

Urs Rohner

Remuneration Committee Chairman

8 March 2021