Remuneration

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Remuneration report Committee Chair's annual statement

Dear Shareholder,

On behalf of the Remuneration Committee (the Committee), I am pleased to present our Remuneration report for 2021. This includes my annual statement explaining the Committee's work this year, our annual report on remuneration for 2021, our updated 2022 Remuneration policy report explaining the change proposed to align our compensation arrangements for new GSK, and details of how we propose to operate the policy this year.

Review of 2021 IPT outcomes

I would like to set the decisions taken by the Committee over the course of 2021 in context against our overall performance.

Innovation: In terms of innovation, we made significant progress in 2021 in further strengthening our R&D biopharma pipeline. It comprises 64 Vaccines and Specialty Medicines, with exciting new developments in HIV and COVID-19 solutions.

Performance: Overall, 2021 was a year of strong sales performance and strategic progress for GSK. We saw Group sales growth of 5% CER driven by growth across Pharmaceuticals, Vaccines and Consumer Healthcare (excluding brands divested/under review). Total earnings declined by 9% CER reflecting the profit on disposal of the Horlicks business in 2020. However, we achieved Adjusted EPS growth (including COVID-19 solutions) of 9% (CER) ahead of updated guidance. The pipeline for 2022 remains robust, with continued progress in pharma and vaccines.

Trust: The company continues to build its ESG leadership position and during the year was ranked first again in the Access to Medicines Index for the eighth time in a row. GSK was also first in the pharmaceutical industry group of the Dow Jones Sustainability Index, received gold recognition in S&P's Sustainability Yearbook and an A- in CDP Climate Change.

2021 remuneration outcomes

This performance delivery resulted in higher total remuneration in respect of 2021 for Emma Walmsley our CEO, Dr Hal Barron our CSO, and Iain Mackay our CFO than in 2020. This was due to an increase in variable performance related pay from the annual bonus through achievement of the adjusted Group PBIT financial measure. In addition, the CFO's remuneration increase also reflected the vesting of his first PSP award since joining the company in 2019.

The key decisions made by the Committee were as follows:

- **Bonus** – The outcomes for the CEO, CFO and CSO were each determined by reference to performance against the agreed financial measure of adjusted Group PBIT, and the Committee's assessment of their individual performance. Financial performance resulted in a bonus payment at 104% of the financial target. The Committee's assessment of each Executive's performance against the personal objectives set for them at the start of the year is set out on page 129. The Committee believes the bonus outcomes appropriately reflect the overall underlying performance achieved in 2021. Full details are provided on page 128.
- **Vesting of LTI awards** – Only 58% of the 2019 Performance Share Plan (PSP) award vested. The pre-agreed measures for this award were: R&D new product performance; adjusted free cash flow; and relative TSR, each of which was equally weighted. Performance was measured over the three years to 31 December 2021. 74% of the R&D new product measure vested. This reflected delivery in strengthening the pipeline and the successful commercialisation of newly launched products. The continued strong focus on cash management and generation resulted in full delivery of the adjusted free cash flow measure. Disappointingly, the company's relative TSR performance over the last three years has again resulted in this part of the award lapsing in full. The vested shares will be deferred for two years. See page 130.
- **Base salary** – Following a review of Executive Directors' performance, the Committee agreed that they should receive an annual increase of 2% for 2021 in line with increases provided to the wider workforce in the UK and US. The Committee also agreed to award Dr Barron an increase of 8% from 1 August 2021 to reflect the creation of One R&D. This new organisation brought together the scientists and governance across Pharmaceuticals and Vaccines to ensure that together they can focus on and invest in what matters across the Group as a whole. (See page 126 for further details).

The 2021 bonus and all awards in relation to 2021 were made in accordance with our Remuneration policy and in determining the outcomes, the Committee carefully considered each Executive Director's performance but did not deem it necessary to exercise discretion or address any anomaly in the performance outcomes. This review included an assessment of performance against all the relevant measures and in the wider context, especially the company's Culture and Trust priority. GSK did not access any COVID-19 Government support or job retention schemes during 2021 or 2020. The dividend policy was maintained during the year and the company delivered its upgraded financial guidance for the year.

GSK's remuneration policy

I would like to set out why the Committee is seeking to update our Remuneration policy at this time.

The past four years have seen a period of significant transformation for GSK, the results of which are becoming evident as we seek to fundamentally address long standing issues and prolonged Total Shareholder Return under-performance. The Committee agreed it was therefore essential to review our Remuneration policy ahead of the usual three-year cycle to define the biopharma business' new approach to remuneration.

The policy review has sought to ensure our remuneration arrangements only reward the delivery of our bold new performance ambitions. The key focus of the Investor Update (IU) ambitions over the next five years is to deliver sales growth of more than 5% CAGR and adjusted operating profit growth of more than 10% CAGR from 2021. These ambitions exclude contributions from early stage assets, future business development and COVID-19 solutions. We have significantly changed our performance pay out curves to this end to focus expectations to over delivery. Going forward, achievement of these ambitions should deliver top quartile performance for our sector.

Following a comprehensive review, the Committee concluded that the main policy framework remained fit for purpose. Given that driving long term performance through consistent year on year short term improvement was the main aim, changing the Annual Bonus plan to support and deliver this was determined to be the key imperative.

After careful consideration the Committee concluded that the changes required to the operation of the Annual Bonus were to:

- raise the target performance level to align to delivery at or above the IU ambitions;
- reduce the reward previously available for lower than "on target" performance;
- change the financial bonus measure from adjusted group PBIT to sales growth and adjusted operating profit growth in line with the key IU ambitions;
- strengthen and focus strategic and operational measures for the Executive Directors to a few stretch and personal objectives aligned to quantifiable IU ambitions, reflecting personal areas of accountability. These would also reinforce our culture and Trust priority; and
- given how fundamental ESG is to our DNA and success, it is important to recognise this through a specific performance condition to incentivise incremental year on year improvements against our public ambitions.

We have significantly reduced the pay opportunity for less than "on target" performance. The Committee therefore agreed it was important to incentivise and reward truly exceptional performance, on the occasions it is achieved, to reinforce the step change in performance culture. As a result, one key policy change to the Annual Bonus is proposed.

The current bonus maximum of up to 200% of salary, paid 50% in cash and 50% in shares deferred for three years, will be maintained.

The change we are proposing is an additional opportunity for material outperformance of our IU ambitions of up to a further 100% of salary. This means that the maximum potential annual bonus opportunity will be 300% of salary. However, this additional element could only be achieved if our public ambitions for more than 5% sales growth and more than 10% adjusted operating profit growth were significantly exceeded bringing significant shareholder value.

To support increased alignment with shareholders, we are proposing that any bonus earned in excess of 200% of salary (ie the maximum under the current Remuneration policy) up to 300% of salary (the proposed maximum) would be delivered fully in shares deferred for three years. Half of any bonus earned up to 200% of salary will continue to be deferred into shares for three years. This means that in the event management's performance was such that the IU ambitions were significantly exceeded and the increased maximum bonus was earned, only 100% of base salary would be delivered in cash with the balance being deferred into GSK shares for three years.

In developing the new remuneration policy, we engaged extensively with shareholders to gain their views and feedback for which the Committee is very grateful. As a result of this we made some adjustments to our approach to quantum and clarity of the performance measurement that feature in the final proposed policy. We are pleased that this process has allowed us to develop a remuneration structure that works for both the company and our shareholders as we enter a new phase for the business post demerger.

It is important to note that to achieve the new maximum, annual sales growth and adjusted operating profit growth would each be required to be at least 5 percentage points above their respective targets. It is acknowledged that such performance is not expected to be a frequent occurrence. However, if achieved the Committee believe it should be appropriately rewarded given the additional value that would be delivered to investors, patients and our people.

In the event the Annual Bonus financial measures are not achieved the Committee would consider the appropriateness of the other measures paying out.

In terms of competitiveness, for our CEO, Emma Walmsley, if the maximum opportunity was earned as a result of delivering the exceptional performance required to reach this, her overall compensation package would be in the bottom quartile versus our global pharmaceutical comparator group. This assumes peers in this group only achieve target bonus. This group includes companies listed in the UK and Europe.

Post demerger, as a FTSE 20 company, new GSK will pursue an ambitious growth strategy focused purely on biopharmaceuticals. It will compete for talent in the highly competitive global pharmaceutical and biopharmaceutical sector where remuneration levels can significantly exceed those seen in the UK. The proposed change to Annual Bonus has been designed to strike a pragmatic balance between shareholder expectations for a UK listed business and the commercial imperative and duty that the Committee has to ensure the company can secure and retain the best talent. The additional proposed Annual Bonus opportunity will only be awarded for exceptional outperformance which will underpin delivery of significant growth and shareholder value.

Our remuneration arrangements with the enhanced Annual Bonus opportunity still remain overwhelmingly weighted to delivery of long-term performance. The Committee is therefore confident that this change to the Annual Bonus is in the best long-term interests of the company and our shareholders.

Remuneration policy implementation for 2022

Annual Bonus and LTI performance measures

We are proposing to implement changes to our Annual Bonus and LTI measures going forward to align them with our IU ambitions and Trust priority. These metrics will give greater linkage between our long- and short-term measures. They also ensure we have a focus on both top line and bottom line growth which are critical to achieving our IU ambitions as well as ensuring we have a sharp focus on our strategic priorities including pipeline, culture and ESG.

For 2022, the:

- **Annual Bonus measures will be:** annual Total Sales growth (30%); annual Adjusted Operating Profit growth (30%); strategic and operational (30%); ESG - Human Capital Management: Inclusion & Diversity (I&D) (10%).
- **LTI measures will be:** Relative TSR (30%), Total Sales growth over 3 years (20%); Adjusted Operating Profit growth over 3 years (20%); Pipeline Progress (20%); and ESG: Environment Composite Scorecard (10%).

The Committee will agree a few key stretch strategic and operational objectives for each Executive Director. They will focus particularly on individual areas of accountability to underpin delivery of the fundamentals of our strategy in support our ultimate financial success. For example, the CEO and CSO will each have clear pipeline delivery objectives. Each executive's objectives will also require demonstration of our Culture and Trust priority. The Committee will also ensure that the measures are quantifiable, suitably stretching and align to the delivery of our public ambitions. We will provide disclosure of performance against these objectives to reassure shareholders that they are stretching.

The Corporate Responsibility Committee supported the Committee in the key considerations for the design, development and adoption of an aligned approach to our key ESG commitments fundamental to how we operate. We are introducing a 10% ESG measure initially into both our short and long-term plans, to reward delivery of external ambitions for our Trust priority, specifically in respect of Human Capital Management: I&D and our Nature Net Positive and Climate Net Zero ambitions by 2030.

We chose to focus on an element of Human Capital Management for our first annual bonus ESG measure to reinforce delivery of our public I&D targets. An Access to Medicines measure was considered, however, it was agreed that given our success in this area it would not be a suitably stretching target. Whereas I&D is an important business imperative and suitably stretching targets could be set to warrant additional reward.

Each of the targets set this year are for new GSK, they will not therefore require adjustment following the demerger. The Board and the Committee believe that the proposals represent the right approach to appropriately focus and reward executives to deliver our public ambitions and secure strong performance for all our stakeholders.

Salary

The Committee agreed following a review of performance of Executive Directors that they should receive a 3.0% salary increase for 2022 aligned with that provided to the wider workforce in each of their respective geographies.

Following the company's announcement on 19 January 2022, Dr Hal Barron will transition from CSO to a non-independent Non-Executive Director on 31 July 2022. The Committee determined that given Dr Barron had agreed to remain a Director he should be treated as a good leaver. He will receive his existing salary up to 31 July 2022 and a pro-rated bonus for 2022. He will retain his existing long-term incentive awards which will vest subject to performance and on a pro-rated basis. From 1 August 2022 he will receive fees as a Non-Executive Director and, subject to shareholder approval, £200,000 per annum in respect of the additional responsibilities that he will undertake for GSK and R&D.

Recoupment

Further to the allegations notified to the Group in February 2021 in respect of Dr Moncef Slaoui, a former Executive Director of the company, the Committee exercised its discretion and applied the claw back provisions under the Recoupment Policy in respect of past stock incentives received by Dr Slaoui. In December 2021, Dr Slaoui agreed to return to the Group $3,860,090 in the form of cash under the Recoupment Policy.

Consumer Healthcare Demerger

We are making strong progress towards the separation of the company into new GSK and Haleon, a new listed Consumer Healthcare company in mid-2022. The new Haleon Board will engage with shareholders on the proposed remuneration arrangements for the new company.

AGM

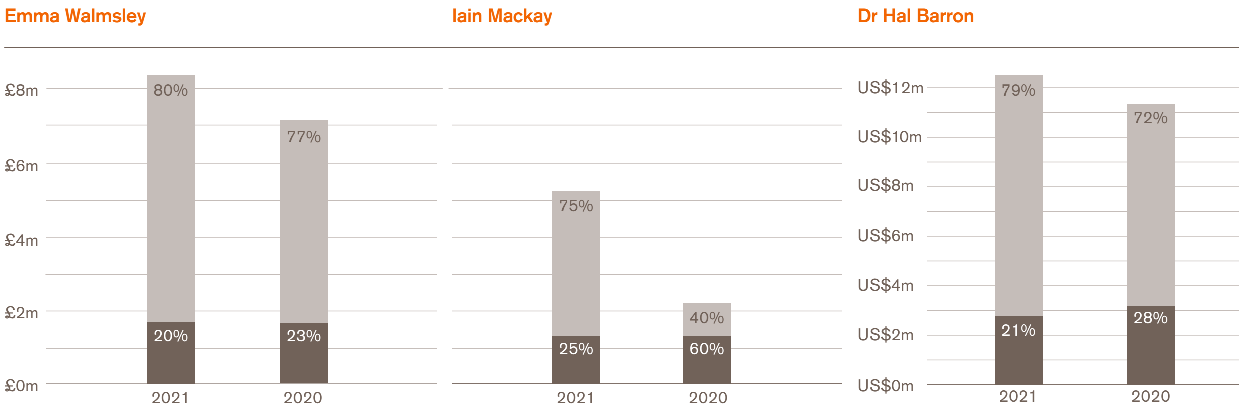
Finally, I would like to take this opportunity to thank shareholders for their input and engagement during this Remuneration policy review, to help shape the new policy presented in this report. During this consultation we were pleased to be able to engage with approximately 50% of the company's shareholder register. I welcome all shareholders' feedback on this report ahead of our AGM. We look forward to receiving your support for our new Remuneration policy and Annual report on remuneration at our Annual General Meeting on 4 May 2022.

Urs Rohner
Remuneration Committee Chair
28 February 2022

2021 at a glance

2021 Total Remuneration

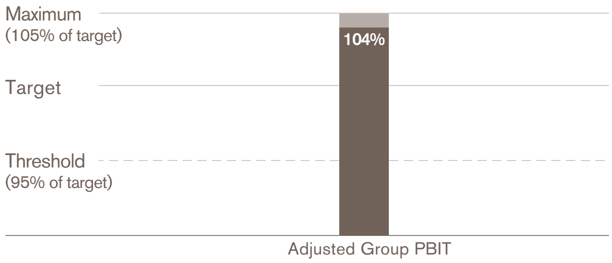
The following shows the composition of total remuneration paid to Executive Directors in office at 31 December 2021, in respect of 2021 and 2020.



Fixed pay – salary, benefits and pension
Performance pay – annual bonus and LTIs earned in respect of the three year performance period ending 31 December 2021

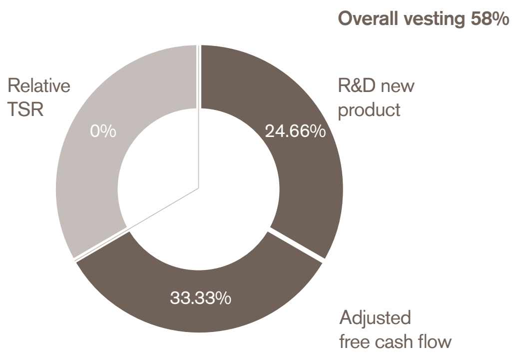
Pay for performance

2021 Annual bonus: financial performance



Performance achieved
Maximum performance target

2019 LTI outcome: performance period ended 31 December 2021



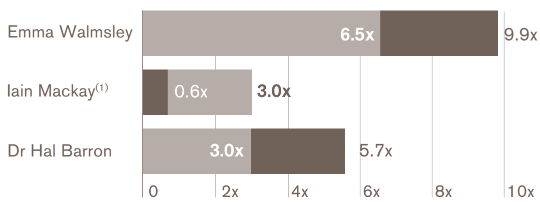
Vested
Lapsed

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 GLT	SOR % of salary
CEO	650
Other Executive Directors	300
Other GSK Leadership Team members	200

Share ownership vs SOR (multiples of base salary)



SOR 31 December 2021 shareholding

(1) Appointed with effect from 14 January 2019

2022 at a glance

Key change: stronger link between short and long-term performance

- Annual Bonus and LTI performance measures are directly aligned to the Investor Update (IU) ambitions
- The measures are complementary by design to ensure in-year performance delivers long-term sustained results
- Annual Bonus and LTI performance calibration has been toughened meaning reduced reward for below target performance and maximum reward only for exceptional performance
- Maximum annual bonus opportunity increased to 300% of salary (from 200% of salary) to enable recognition of exceptional outperformance when achieved
- Target payout under the annual bonus of 100% of salary will align with our IU ambitions (ie. no increase for delivering our core ambitions)
- Any reward for the incremental exceptional performance opportunity to be delivered fully in shares deferred for three years so as to align to shareholder experience, and
- Annual Bonus and LTI measures and their alignment with the IU ambitions will be cascaded down to the GLT and wider organisation

How our incentive measures align to our strategy

Performance measures		Alignment to strategy	AB Weighting	LTI Weighting
Relative total shareholder return	LTI	Alignment with shareholders as participants are only rewarded for strong shareholder returns	–	30%
Total sales growth	AB LTI	Top line growth to deliver against our IU ambition of more than 5% sales growth	30%	20%
Adjusted operating profit growth	AB LTI	Bottom line growth to deliver against our IU ambition of more than 10% profit growth	30%	20%
Pipeline	LTI	Increases the emphasis on Innovation and rewards the acceleration and strengthening of our pipeline	–	20%
ESG ambitions	AB LTI	Focus on our key ESG ambitions, including our Human Capital Management: I&D priorities and Nature Net Positive and Climate Net Zero 2030 ambitions	10%	10%
Strategic and operational	AB	Focus on key areas of individual accountability to underpin delivery of our strategy and public ambitions	30%	–

Key AB Annual bonus LTI Long-term incentives

2022 Executive Director Remuneration

		Emma Walmsley	Iain Mackay
Fixed remuneration	Salary	£1,259,855	£915,335
	Pension (% of salary)	Will reduce to align with wider workforce by 1 January 2023	
Annual bonus (% of salary)		**Maximum opportunity:** 200%, with half of any bonus paid in shares deferred for three years **Incremental Exceptional Performance:** up to an additional 100% of salary paid in shares all deferred for three years	
LTI (% of salary)		575%	400%
Share ownership requirement (% of salary)		650%	300%

Dr Hal Barron will transition to a Non-Executive Director with effect from 1 August 2022.

Annual report on remuneration

2021 Total remuneration (audited)

Fixed pay	Pay for performance		Total remuneration
Salary Benefits Pension	**Annual bonus** – **Maximum opportunity:** 200% – **Measures:** 70% Adjusted Group PBIT, 30% Individual objectives – Three year deferral of 50% into GSK shares	**Vested LTI Awards** – Vested at 58% – 2019 PSP awards – **Measures:** R&D new product, AFCF, Relative TSR	
+	+	=	

Read more on pages 126 and 127

Read more on pages 128 and 129

Read more on page 130

Read more below

2021 Total remuneration (audited)

	Emma Walmsley		Iain Mackay		Dr Hal Barron[2]	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 $000	2020 $000
Fixed pay						
Salary	1,223	1,199	889	871	1,883	1,786
Benefits	134	141	242	155	145	58
Pension	245	245	178	175	651	1,247
Total fixed pay	**1,602**	1,585	**1,309**	1,201	**2,679**	3,091
Pay for performance						
Annual bonus[1]	2,275	1,169	1,573	810	3,483	1,741
Vesting of LTI awards:						
PSP[3]	4,326	4,277	2,408	–	6,371	6,387
Total pay for performance[4]	**6,601**	5,446	**3,981**	810	**9,854**	8,128
Total remuneration	**£8,203**	£7,031	**£5,290**	£2,011	**$12,533**	$11,219

Notes:
(1) Details of the mandatory bonus deferrals in 2021 and 2022 under the Deferred Annual Bonus Plan (DABP) are set out on page 140.
(2) From 1 August 2021 Dr Barron's base salary increased by 8% to reflect the creation of the One R&D organisation. This has brought scientists and governance across Pharmaceuticals and Vaccines together to focus on and invest in what matters most across the Group.
(3) The 2019 PSP was valued based on the closing share price on 16 February 2022 of £15.76 and the closing ADS price of $43.39. Of the vested amounts for the Executive Directors, the amount attributable to share price appreciation over the performance period was for the CEO £149,246, the CFO £83,092 and the CSO $411,869. The Committee did not exercise any discretion in relation to the vesting of the awards or share price changes.
(4) 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 2021 in respect of any of the current Executive Directors.

2021 Total remuneration (audited) continued

The following sections provide details of each element of 2021 '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 and 2021 effective date	Base salary 2021	Base salary 2020
Emma Walmsley		£1,223,160	£1,199,176
Iain Mackay	2% from 1 January	£888,675	£871,250
Dr Hal Barron		$1,821,781	$1,786,060
Dr Hal Barron(1)	8% from 1 August	$1,967,523	–
UK & US employees	2% from 1 April	–	–

(1) Base salary increased by 8% from 1 August 2021 to reflect the creation of the One R&D organisation. This has brought scientists and governance across Pharmaceuticals and Vaccines together to focus on and invest in what matters most across the Group.

Details of salary levels for 2022 are provided on page 136.

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 provides an analysis of Total benefits (grossed up for tax) received by the Executive Directors in 2021 and 2020.

	2021 Benefits £000	2020 Benefits £000
Emma Walmsley		
Benefits available to employees	71	62
Business related services(1)		
Business travel	22	36
Other benefits	41	43
Total benefits	134	141
Iain Mackay		
Benefits available to employees	131	149
Business related services(1)		
Business travel	9	5
Other benefits(2)	102	1
Total benefits	242	155
Dr Hal Barron	$000	$000
Benefits available to employees	83	58
Business related services(1)		
Business travel(3)	63	–
Accommodation whilst on business travel(4)	(2)	–
Other benefits	1	–
Total benefits	145	58

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 Other benefits have increased year on year. This is mainly due to membership of a global business organisation which supports his work as CFO and is not recognised by UK HM Revenue & Customs so is therefore deemed to be a taxable benefit. This was not incurred in 2020.

(3) Increased travel costs compared with 2020 following changes to COVID-19 restrictions.

(4) One-off refund of accommodation costs relating to prior year.

Fixed pay (audited) continued

Pensions

Please see details of changes to pensions policy on page 145 of the future policy table and its implementation on page 136. In addition, the Committee previously 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 2021
Emma Walmsley Iain Mackay	2010 2019	Pension contributions of 20% of base salary and matching contributions on the first £13,333 of salary, with a cash supplement of 20% of base salary in lieu of pension on salary in excess of £13,333[(1) (2)].
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 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).

(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 £13,333 of their salaries 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 £13,333, in line with GSK's defined contribution pension plan rates.

The following table shows the breakdown of the pension values set out on page 125. 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	
Pension remuneration values	2021 £000	2020 £000	2021 £000	2020 £000	2021 $000	2020 $000
UK defined contribution	3	5	3	5	–	–
US defined benefit	–	–	–	–	350	1,059
Employer cash contributions	242	240	175	170	301	188
Total pension remuneration value	245	245	178	175	651	1,247

Further details regarding the 2021 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 Remuneration regulations, the pension remuneration in 2021 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.

	Accrued pension		
Dr Hal Barron pension values	31 December 2021 $000	31 December 2020 $000	Pension remuneration value for 2021 $000
US – Funded	2	2	(6)
US – Unfunded	187	158	356
Total	189	160	350

Pay for performance (audited)

Annual bonus

70% Adjusted Group PBIT	+	30% Individual objectives	=	Annual bonus

2021 performance against targets

For 2021, the performance measures and weightings were as follows:

	Weighting	2021 Adjusted Group PBIT performance		
Performance measure	Executive Directors	2021 target	Outcome	Positioning against target
Adjusted Group PBIT	70%	£8,254m	£8,562m	104%
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 2021:

	2021 bonus opportunity			2021 bonus outcome			
Bonus	Target (% of salary)	Maximum (% of salary)	2021 Base salary	Financial performance (% of salary)	Individual objectives (% of salary)	Total 2021 bonus (% of salary)	Total 2021 bonus 000
Emma Walmsley			£1,223,160		60	186	£2,275
Iain Mackay	100	200	£888,675	126	51	177	£1,573
Dr Hal Barron			$1,967,523		51	177	$3,483

Details of the mandatory deferral by Executive Directors into the Deferred Annual Bonus Plan of 50% of annual bonus earned are set out on page 140.

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

Financial performance

- Overall an encouraging performance exceeding updated guidance despite the uncertainties of the COVID-19 pandemic.
- Delivered full-year reported Group sales of £34 billion (stable AER, +5% CER) with strong commercial execution driving CER growth across Pharmaceuticals, Vaccines and Consumer Healthcare (excluding brands divested/under review) including COVID-19 solutions sales of £1.4 billion.
- Adjusted Group PBIT of £8,839 million above target driven by higher sales and effective cost control. Outcome adjusted to exclude the commercial benefit from COVID-19 solutions.
- Adjusted EPS of 113.2p (-2% AER, +9% CER), ahead of guidance including COVID-19 solutions, delivery driven by higher sales and effective cost control.

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 2021:

Individual objectives	Achievements
Emma Walmsley	
The Committee determined that the CEO clearly exceeded or met her individual objectives. 2021 was a highly successful year of focus and acceleration against GSK's long-term IPT priorities, and the company exceeded its financial targets. GSK is on track for separation to unlock the potential of two new growth companies in a landmark year for the company in 2022:	
Strengthen pipeline and build GSK's reputation for Innovation	– Continued progress in strengthening and advancing Pharmaceuticals and Vaccines pipeline, with 43 potential new medicines and 21 vaccine candidates in development – COVID-19 solutions focussed on prevention and treatment, including *Xevudy* (sotrovimab) launched for treatment, with positive data against Omicron
Drive growth and return on investment	– Delivered EPS ahead of initial and updated guidance, with sales growth driven by commercial execution excellence. Pharmaceuticals sales £17.7 billion, Vaccines £6.8 billion and Consumer Healthcare £9.6 billion
Demonstrate continued commercial execution excellence	– Transformed Specialty Medicine commercial capabilities and effectiveness across key markets – Exceptional supply chain reliability through continued COVID-19 disruption, and continued network strengthening and simplification
Deliver separation programme milestones	– All demerger milestones on track. – New ambitions set out for new GSK to deliver a step change in growth and performance, and health impact at scale
Demonstrate strong Environmental, Social and Governance (ESG) credentials and build trust in future delivery	– Sustained leading ESG performance, with delivery against all Global Health, Environment and Inclusion and Diversity commitments. Maintained sector-leading rankings in key ESG indices, as well as progress to deliver on climate and nature commitments
Demonstrate strong culture and leadership	– Culture and talent to deliver success for both new companies, and strong progress to build a stronger, more diverse workforce (40% senior female representation; on track for 2025 gender and race & ethnicity aspirations) – Continued development and succession planning for leadership team roles, with internal candidates appointed Chief Scientific Officer Designate and Chief Digital and Technology Officer
Iain Mackay	
The Committee determined that the CFO successfully met his individual objectives:	
Demonstrate financial leadership	– Strong financial leadership, with key role in delivery of Investor Update setting out competitive growth profile for new GSK – Delivered full year reported Group sales of £34.1 billion (stable at AER, +5% CER)
Demonstrate financial oversight and cost discipline	– Adjusted EPS of 113.2p (-2% AER, +9% CER) ahead of updated guidance, delivery supported by cost discipline and initial savings from scale transformation programme
Deliver separation programme milestones	– Separation preparations on track, including corporate finance and capital market readiness
Demonstrate strong culture and leadership	– Strong oversight across Finance and Tech during transformation, including appointment of new Head of Investor Relations and Chief Digital and Technology Officer
Dr Hal Barron	
The Committee determined that the CSO successfully met his individual objectives:	
Strengthen pipeline and build GSK's reputation for Innovation	– Continued R&D momentum both in R&D delivery and strengthening of pipeline, with pipeline progress targets exceeded. 12 approvals, 8 Phase III starts and 6 Phase II starts. 43 potential new medicines and 21 vaccine candidates in development. Business development to augment the pipeline, including: Vir, iTeos, Alector and Halozyme
Drive growth and return on investment	– Continued progress to improve R&D productivity and success rates, including achieving US FDA emergency use authorisation for *Xevudy* in 13 months from deal signing with Vir in pre-clinical phase. This medicine has proven effective against multiple COVID-19 variants, including Omicron – Creation of One R&D organisation, bringing scientists and governance across Pharmaceuticals and Vaccines together to focus on and invest in what matters most
Demonstrate strong culture and leadership	– Continuing focus on top talent in key roles in R&D (80%, with 31% of new talent in key roles external hires). Robust succession planning, including appointment of new Global Head of Vaccines R&D and Global Head of Oncology Development

Malus and clawback policy

For details of our existing policy on malus and clawback, please refer to the company's 2020 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, the Committee has exercised one instance of clawback during 2021. For further details on this recoupment by the Committee please see page 122.

Pay for performance (audited) continued

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. No changes to our loss of office policy are proposed in the 2022 Remuneration policy.

Value earned from long-term incentives (LTIs)

The following tables set out the performance achieved against the targets set for the company's LTI plans and also includes an update on performance of outstanding awards.

In line with the Committee's agreed principles, for each measure applicable to the LTI awards, actual performance against the targets is reviewed and adjustments made as appropriate to ensure that the vesting outcome reflects genuine underlying business performance and that results are being delivered in line with our Culture and Trust business priority.

2019 PSP awards with a performance period ended 31 December 2021

The Committee reviewed the performance of the PSP awards granted to Executive Directors against the targets set. The Adjusted free cash flow (AFCF) target was revised in line with the disclosure on page 121 of the 2020 Annual Report. It has been further restated to take account of the revised phasing of the Future Ready programme restructuring cash payments, separation costs and revised timing of divestments based on detailed programme and separation planning undertaken in 2021. As a result, the target was increased by £0.21 billion to £11.48 billion.

For 2021, the 2019 PSP was valued based on the closing share price on 16 February 2022 of £15.76 and the closing ADS price of $43.39. Of the vested amounts for the Executive Directors, the amount attributable to share price appreciation over the performance period was for the CEO £149,246, the CFO £83,092 and the CSO $411,869. The Committee did not exercise any discretion in relation to the vesting of the awards or share price changes.

The performance achieved in the three years to 31 December 2021 and the vesting levels are set out in the table below.

<table>
<tr><th></th><th></th><th colspan="3">Outcome and vesting level</th></tr>
<tr><th>Performance measures and relative weighting</th><th>Performance targets</th><th>Outcome</th><th>% of maximum</th><th>% of award</th></tr>
<tr><td>R&D new product performance (1/3rd)</td><td>R&D new product sales performance measures aggregate three-year sales for new products launched in the three-year performance period and the preceding two years, ie 2017-21.
<table>
<tr><th></th><th>Target</th><th>% vesting</th></tr>
<tr><td>Maximum</td><td>£12.25bn</td><td>100%</td></tr>
<tr><td></td><td>£11.14bn</td><td>75%</td></tr>
<tr><td></td><td>£10.58bn</td><td>50%</td></tr>
<tr><td>Threshold</td><td>£10.02bn</td><td>25%</td></tr>
</table></td><td>£11.12bn</td><td>74</td><td>24.66</td></tr>
<tr><td>Adjusted free cash flow performance (1/3rd)</td><td>In line with the company's agreed principles, the AFCF figures included adjustments for a number of material distorting items, including legal settlements, exchange rate movements and special pension contributions.
<table>
<tr><th></th><th>Original target</th><th>Revised target(1)</th><th>% vesting</th></tr>
<tr><td>Maximum</td><td>£13.91bn</td><td>£13.20bn</td><td>100%</td></tr>
<tr><td></td><td>£13.31bn</td><td>£12.63bn</td><td>75%</td></tr>
<tr><td></td><td>£12.10bn</td><td>£11.48bn</td><td>50%</td></tr>
<tr><td>Threshold</td><td>£11.74bn</td><td>£11.14bn</td><td>25%</td></tr>
</table>
(1) The revised target has been further adjusted since the 2020 Annual Report as noted above.</td><td>£14.53bn</td><td>100</td><td>33.33</td></tr>
<tr><td>Relative TSR performance (1/3rd)</td><td>
<table>
<tr><th></th><th>TSR ranking within comparator group(2)</th><th>% vesting</th></tr>
<tr><td>Maximum</td><td>1st, 2nd, 3rd</td><td>100%</td></tr>
<tr><td></td><td>4th</td><td>70%</td></tr>
<tr><td></td><td>5th</td><td>40%</td></tr>
<tr><td>Threshold(3)</td><td>Median</td><td>25%</td></tr>
<tr><td></td><td>6th to 10th</td><td>0%</td></tr>
</table>
(2) TSR comparator group: AstraZeneca, Bristol-Myers Squibb, Eli Lilly, GSK, Johnson & Johnson, Merck & Co, Novartis, Pfizer, Roche Holdings and Sanofi.
(3) The vesting schedule is based on delivering 25% vesting for median performance. In a comparator group of ten companies, median falls between two companies.</td><td>Ranked 10th</td><td>0</td><td>0</td></tr>
<tr><td>Total vesting in respect of 2019 awards</td><td></td><td></td><td>58%</td><td>57.99%</td></tr>
</table>

Pay for performance (audited) continued

Update on performance of ongoing LTI awards

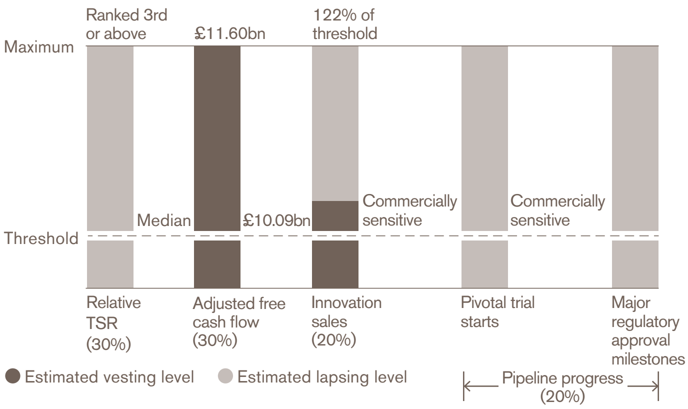
The Committee also reviewed the performance of the PSP awards granted to Executive Directors in 2020 and 2021.

The following charts provide an estimate of the vesting levels taking into account performance to 31 December 2021. 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 2020 and 2021 PSP awards have been adjusted. The net overall impact is an increase of £0.17 billion to £10.09 billion for the 2020 award and an increase £0.40 billion to £8.66 billion for the 2021 award.

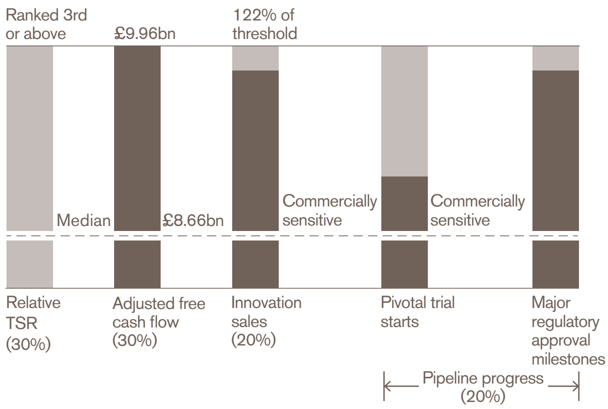
These adjustments are to take account of the following items: revised phasing of the Future Ready programme restructuring cash payments based on detailed programme planning undertaken in 2021, and revised dividends to non-controlling interests (ViiV Shionogi and Pfizer).

There are no changes to the targets set for the Innovation sales (previously named R&D new product) or the relative TSR performance measures for the 2020 and 2021 awards.

2020 PSP award



2021 PSP award



For threshold performance 25% of each award will vest in respect of each performance measure. Individual 2020 LTI award levels appear on page 121 of the 2020 Annual Report. They are set out below for the 2021 LTI awards.

Historical vesting for LTI plans

	Vesting %					
Year of grant	Relative TSR	Adjusted free cash flow	R&D new product	Business diversification	Lapsed %	Total vested %
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
2019	0	33	25		42	58

2021 LTI awards

The 2021 DABP awards (in respect of the deferral of 2020 bonus) and the 2021 PSP awards are shown in the table below.

		2021 DABP awards		2021 PSP awards		
	2020 % of total bonus deferred	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		45,779 shares	£0.585m	575%	550,757 shares	£7.0m
Iain Mackay	50%	31,725 shares	£0.405m	400%	278,363 shares	£3.6m
Dr Hal Barron		24,355 ADS	$0.871m	500%	254,794 ADS	$9.1m

(1) The face values of the DABP awards have been calculated based on a share price of £12.77 and an ADS price of $35.75, being the closing prices on 9 February 2021 (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 3 year deferrals in respect of the 2020 annual bonus earned.

(2) The face values of the PSP awards have been calculated based on a share price of £12.77, and an ADS price of $35.75, being the closing prices on 9 February 2021 (the day before grant). These are conditional shares, based on the performance measures outlined above.

(3) The performance period for the 2021 PSP awards is from 1 January 2021 to 31 December 2023. Awards vest at 25% of maximum for threshold performance.

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 our wider workforce pay. To that end on an annual basis I meet with our Human Resources Business Leaders 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. This year was the third such annual meeting I have held. I was pleased to discuss progress on the Group's human capital management and I&D agenda to attract and retain diverse talent which lies at the heart of the company's fundamental commitment to the equity of its employment and reward practices.

At the meeting, we covered the current Reward environment for employees across the enterprise and notable global competitive challenges facing the company; namely:

– Competitive pressures for in-high demand skills in our businesses and the actions taken to attract and retain key talent in these areas
– Handling different pay levels across the Group and in different geographies. This included where the company was experiencing particular pay challenges currently or were anticipated to experience in the future and the mitigatory steps that were being taken to address these
– Preparation of a competitive Reward strategy and programmes for the Consumer company for implementation after the demerger
– Progress against the company's publicly disclosed gender and ethnically diverse leader aspirations. We discussed the country-based reviews and the clear guidance, tools and support provided to markets to ensure pay equity

Finally, Dame Vivienne Cox, our Workforce Engagement Director and member of the Committee, ensures that employee views and perspectives on pay and reward are reflected in the Committee's discussions.

Urs Rohner
Remuneration Committee Chair

Remuneration structure for employees during 2021

Element	Wider workforce pay	Comparison with Executive Director and GLT pay
Salary	– 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	– For our Executive Directors and for the GLT, ordinarily following a performance review, 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	– 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	– Our Executive Directors and the GLT 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 GLT 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	– 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	– Our Executive Directors and the GLT 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 GLT 25% – of any bonus earned into shares or ADSs as appropriate for three years – Clawback and/or malus provisions apply
LTI plans	– Our employees at Senior Vice President (SVP) and Vice President (VP) level participate in the same PSP as our Executive Directors and the GLT 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 GLT, receive annual Share Value Plan awards of restricted shares	– Our Executive Directors and the GLT 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 GLT do not receive Share Value Plan awards following appointment

Directors' pay in a wider setting continued

CEO pay ratios

Financial year	Methodology	(Lower Quartile) P25	(Median) P50	(Upper Quartile) P75
2021		154:1	108:1	67:1
2020	Option A	130:1	96:1	62:1
2019		160:1	119:1	73:1

The pay ratios above are calculated using actual earnings for the CEO and UK employees. The CEO total single figure remuneration of £8,203,422 for 2021 and £7,031,871 for 2020 are detailed on page 125 of this Report.

Total remuneration for all UK full-time equivalent employees of the company on 31 December 2021 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 2021 (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 increase in the pay ratio for 2021 is due to a higher level of bonus received compared to 2020, reflecting higher business and individual performance.

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

	2021	2020	2019	2021	2020	2019	2021	2020	2019
£	**P25**			**P50**			**P75**		
Salary	37,251	36,924	34,510	51,492	50,000	47,029	72,997	70,203	66,561
Total pay and benefits	53,151	54,133	50,467	76,234	73,340	68,200	122,852	113,830	110,638

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 2021 total remuneration excluding LTI compensation is £3,877,617.

Financial Year	Methodology	P25	P50	P75
2021		73:1	51:1	34:1
2020	Option A*	51:1	38:1	26:1
2019		65:1	48:1	32:1

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

Historic CEO remuneration

Emma Walmsley					£000
	2021	2020	2019	2018	2017
Total remuneration	**8,203**	7,031	8,094	5,887	4,883[1]
Annual bonus award[2] (% of maximum)	**93%**	49%	79%	93%	77%
Vesting of LTI awards (% of maximum)	**58%**	67%	67%	59%	69%

Sir Andrew Witty					£000
	2017	2016	2015	2014	2013
Total remuneration	715[2]	6,830	6,661	3,902	7,207
Annual bonus award[2] (% of maximum)	0%[2]	97%	100%	42%	88%
Vesting of LTI awards (% of maximum)	0%[3]	33%	38%	14%	31%

(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.

Directors' pay in a wider setting continued

Percentage change in remuneration of Directors

	2021 percentage change			2020 percentage change		
	Salary/fee %	Benefits %	Bonus %	Salary/fee %	Benefits %	Bonus %
UK Employees(1)	2.0	0.0	4.85	2.5	0.0	1.1
Executive Directors(2,3)						
Emma Walmsley	2.0	(5.0)	94.6	8.0	(26.6)	(33.4)
Iain Mackay	2.0	56.1	94.2	5.6	11.5	(31.6)
Dr Hal Barron	5.4	150.0	100.1	2.5	(91.2)	(34.9)
Non-Executive Directors(2,4)						
Sir Jonathan Symonds	–	50.0	–	201.7	0.0	–
Charles Bancroft(5)	156.1	–	–	–	–	–
Vindi Banga	(4.6)	(50.0)	–	23.6	(50.0)	–
Dr Anne Beal(5)	–	–	–	–	–	–
Dame Vivienne Cox	(5.6)	(50.0)	–	55.4	(75.0)	–
Lynn Elsenhans	(7.3)	(75.0)	–	(12.3)	(73.3)	–
Dr Laurie Glimcher	(8.3)	(61.8)	–	(18.2)	(55.3)	–
Dr Jesse Goodman	(5.6)	–	–	(12.5)	(65.2)	–
Urs Rohner	(5.6)	175.0	–	16.3	(69.2)	–
Judy Lewent(6)	(73.8)	(25.0)	–	(17.6)	(85.4)	–

(1) The UK employee population was considered to be the most relevant comparison as it most closely reflects the economic environment encountered by the majority of the Executive Directors.

(2) Percentage changes have been calculated based on the 2021 Total remuneration table on page 125 for Executive Directors and the 2021 Total fees table on page 139 for Non-Executive Directors.

(3) Further information on salary and benefits for Executive Directors can be found on page 126. Further information on annual bonus for Executive Directors can be found on page 128.

(4) 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.

(5) Charles Bancroft and Dr Anne Beal were appointed to the Board on 1 May 2020 and 6 May 2021 respectively.

(6) Judy Lewent retired from the Board on 5 May 2021.

Relative importance of spend on pay

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

	Change %	2021 £m	2020 £m
Total employee pay	(12.2)	9,003	10,249
Dividends paid in the year	0.6	3,999	3,977

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 185 and 192. However, dividends declared in respect of 2021 were £4,006 million (2020 – £3,989 million) an increase of 0.4%.

Total employee pay is based on 91,961 employees, the average number of people employed during 2021 (2020 – 95,884).

There were no share repurchases made by the company during 2021 and 2020.

All-employee share plans

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

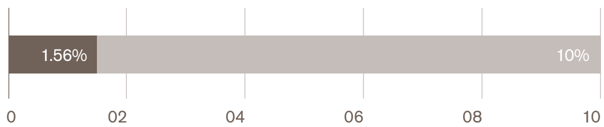
Participants of the company's Share Save plan may save up to £250 a month for three years and at the end of the period have the option to buy GSK shares at a 20% discount to the share price at the start of the savings contract. Participants of the Share Reward plan contribute up to £125 a month to purchase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

For further details see page 140.

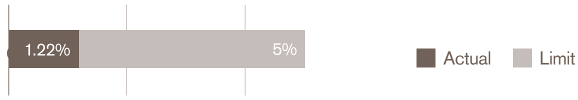
Dilution limits

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 2021 is as follows:

All GSK employee share plans



Executive share plans



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 2021. The Global pharmaceutical comparator group is also used to measure relative TSR performance. The primary groups used for each Executive Director were as follows:

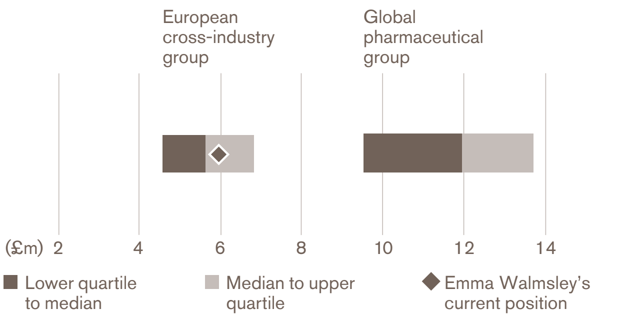
	European cross-industry comparator group		
Emma Walmsley **Iain Mackay**	Roche Holding AG Novartis LVMH Anheuser-Busch Inbev Unilever SAP L'Oreal Novo Nordisk A/S Airbus	Linde Sanofi AstraZeneca Diageo Siemens Christian Dior Inditex BAT Volkswagen	Deutsche Telekom Kering Heineken BASF Vinci Adidas Bayer Safran Reckitt Benckiser

	Global pharmaceutical comparator group	
Dr Hal Barron	**France** Sanofi **Switzerland** Novartis Roche Holdings **UK** AstraZeneca	**US** AbbVie(1) Amgen(1) Bristol-Myers Squibb Eli Lilly Johnson & Johnson Merck & Co Pfizer

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

2021 CEO total remuneration positioning

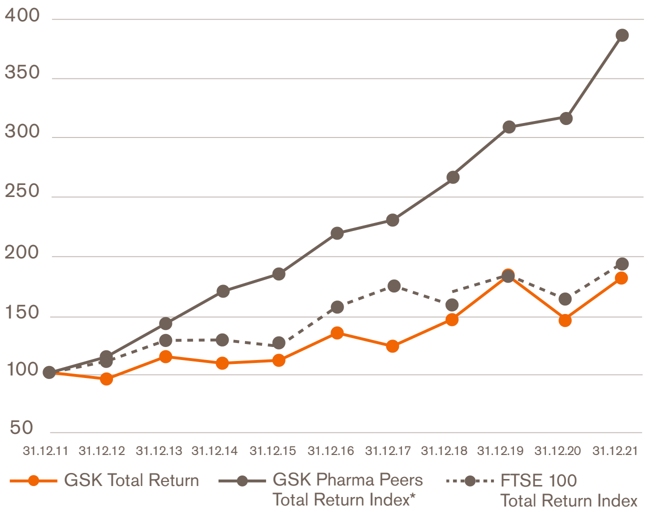
When reviewing the CEO's remuneration, the Committee has also referenced pay for the Global pharmaceutical group.



Remuneration includes salary and the expected value of incentives based on the Committee's agreed benchmarking methodology.

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 2021. 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.



* This index comprises AstraZeneca, Bristol-Myers Squibb, Eli Lilly, Johnson & Johnson, Merck & Co, Novartis, Pfizer, Roche Holdings and Sanofi.

Implementation of Remuneration policy for 2022

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 of performance, 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	2022	% change
Wider workforce(1)	–	
Emma Walmsley	£1,259,855	3.0
Iain Mackay	£915,335	
Dr Hal Barron(2)	$2,026,549	

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

(2) Dr Barron will transition to a Non-Executive Director with effect from 1 August 2022.

Benefits

No significant changes to the provision of benefits are proposed for 2022. For full details of the policy in relation to benefits, please refer to the proposed new 2022 Remuneration Policy report, page 144.

Pension

The table below provides an overview of the pension arrangements for each ongoing Executive Director in 2022.

The Committee has previously committed to reduce existing UK Executive Directors' pensions to align with the wider UK 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.

	2022 Pension contribution
Emma Walmsley Iain Mackay	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
Dr Hal Barron(1)	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).

(1) Dr Barron will transition to a Non-Executive Director with effect from 1 August 2022.

Pay for performance

Annual bonus

The Annual bonus plan has been redesigned to better align with our IU ambitions and Trust priority. For full details of the proposed changes to the Annual bonus plan, please refer to '2022 at a glance' on page 124 and the proposed 2022 Remuneration Policy report on pages 145 and 146.

	Bonus opportunity % of salary		
	Target	Maximum	Exceptional performance(1)
Emma Walmsley Iain Mackay Dr Hal Barron	100	200	300

(1) Exceptional performance: up to an additional 100% of salary fully paid in shares deferred for three years.

	Weighting of performance measures %			
	Total sales growth	Adjusted operating profit growth	Strategic and operational measures	ESG: Inclusion & Diversity
Emma Walmsley Iain Mackay Dr Hal Barron	30	30	30	10

There will be a reduced payout for below target performance compared to the current policy. The proposed increase in payout opportunity for above target performance is to incentivise exceptional outperformance, in excess of our IU ambitions and Trust priority goals.

The increasing importance of our Trust business priority and ESG commitments has led us to propose an Inclusion & Diversity human capital management measure in the Annual bonus, based upon our progress towards our aspirational targets for gender and ethnically diverse representation in senior roles (see page 37).

Inevitably, targets linked directly to our 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 will, as usual, be disclosed on a retrospective basis in the 2022 Annual Report.

Deferred Annual Bonus Plan (DABP) 2022 awards

The table below provides details of the mandatory deferral into the DABP of 50% of 2021 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	50	72,399	
Iain Mackay		50,056	
Dr Hal Barron			40,617

Implementation of Remuneration policy for 2022 continued

Performance Share Plan (PSP) 2022 awards

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

	% of salary	Shares
Emma Walmsley	575	461,059
Iain Mackay	400	233,028

Dr Barron did not receive a PSP award given his transition to a Non-Executive Director on 1 August 2022.

LTI performance measures

We are proposing changes to the measures and weighting for the 2022 LTI awards to better align to our IU ambitions and our Trust priority. For further details please refer to the 2022 Remuneration Policy report on page 146. The new proposed LTI measures and weighting are:

LTI measure	Measure	Weighting
Innovation	Pipeline progress	20%
Performance	Relative TSR	30%
	Total Sales Growth	20%
	Adjusted Operating Profit Growth	20%
Trust	ESG: Environment(1)	10%

(1) A composite scorecard incorporating Scope 1 & 2 Targets for which assessment of performance against this metric will be determined in line with the World Resources Institute/World Business Council for Sustainable Development GHG Protocol methodology for accounting and reporting of our emissions footprint.

Innovation

The **Pipeline progress** measure 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 2022 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	<11	Nil
Threshold	11	25%
	13	50%
	15	75%
Maximum	17	100%

Major Regulatory Approvals

Performance level	Points	Payout
Below Threshold	<16	Nil
Threshold	16	25%
	18	50%
	20	75%
Maximum	22	100%

The Pipeline progress measure is 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 135). The Total Sales growth and Adjusted Operating Profit growth measures recognise the importance of the commercial ambitions in our IU and the Committee has set targets that align with those ambitions.

Trust – business priority

We are proposing a new ESG Environment measure based upon our Trust priority and goal of having a Nature Net Positive and Climate Net Zero impact by 2030 (see page 122). The targets for the ESG Environment measure for the 2022 grant are based upon a series of Nature goals relating to Water, Waste & Materials reduction, Biodiversity impact and Climate goals that incorporate Scope 1 & 2 emission reduction targets, carbon offsetting and our industrialisation of green *Ventolin*.

Shareholdings versus Share Ownership Requirement (SOR) (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.

		Value of holdings as % of salary	
	SOR % of salary	27 February 2022	31 December 2021
Emma Walmsley	650	1,292	985
Iain Mackay	300	261	64
Dr Hal Barron	300	799	566

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.

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 SOR included within their service contract.

Remuneration governance

Committee role and membership

These details are available on page 93 and are incorporated by reference to this Report. The Chair, CEO, Chief People Officer, Head of 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 for an initial period of three years after a full commercial tender exercise was concluded by the company. Prior to the expiry of this initial period, the Committee reviewed the quality of the services PwC provided. As a result, it was agreed to extend PwC's term further to the end of 2022. This would allow for a full market review to be undertaken over the summer of 2022, followed by a full commercial tender if appropriate, prior to presenting recommendations to the Committee for adviser support from January 2023. 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, in addition to providing consultancy services to the Committee, PwC provided 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. It also reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. PwC's fees for advice during the year, which were charged on both a fixed and a time and materials basis, were £168,200. 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				
2021 AGM	3.5	93.1	6.9	15.4
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(1)	16.12.17	01.01.18	31.12.24

(1) Dr Barron will transition to a Non-Executive Director (with a letter of appointment) with effect from 1 August 2022.

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 up to nine years from appointment in line with the provisions of the 2018 Code, subject to annual re-election.

Committee focus during 2021

Remuneration policy

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

Items discussed:
- Proposed 2022 Remuneration policy
- Remuneration impact of major Group restructuring and CH demerger
- Engagement with shareholders and consideration of feedback

Salary review

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

Items discussed:
- Review of remuneration environment and wider employee trends
- Executive Director and GLT benchmarking, competitiveness and GSK comparator groups
- GLT and Company Secretary salary review and recommendations for 2021
- Executive Director salary review and recommendations for 2022

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 GLT 2020 bonus recommendations and 2021 CEO and Executive Directors' 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, GLT and below (including interim awards).

Items discussed:
- LTI performance outcomes and vesting of LTI awards for GLT and below
- Confirmation of LTI grants for GLT and below

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:
- Remuneration considerations and committee programme for 2021
- Review of Terms of Reference
- Committee evaluation annual review
- 2020 Remuneration report
- Confirmation of 2021 Group Budget for remuneration purposes
- AGM and Remuneration report feedback, the external remuneration environment and performance target disclosure for incentive plans
- 2021 Remuneration report disclosures, including CEO pay ratio
- Annual governance meeting key Committee messages
- Committee Chair consultation with employee representatives on setting pay and wider workforce pay practices

Non-Executive Directors' fees

Chair and other Non-Executive Directors

The company aims to provide the Chair 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.

Chair's fees

The Chair is paid a fee of £700,000 per annum, of which he takes 25% in GSK shares. The Chair's fees were reviewed on his appointment and have been reviewed annually since. It was concluded they remained appropriate.

2021 Non-Executive Directors' fees

The Non-Executive Directors' fees that applied during 2021 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 Workforce Engagement Director	£40,000
Non-Executive Director undertaking intercontinental travel to meetings	£7,500 per meeting

Implementation of Non-Executive Directors' policy in 2022

Non-Executive Directors' standard and supplemental fees were last increased with effect from 1 January 2020.

Following a review, and subject to shareholder approval, it was agreed to authorise the payment of fees from 1 January 2022 to Science Committee members of up to £200,000 per annum. These would be paid in respect of additional responsibilities undertaken on behalf of GSK and to support R&D and would reflect the time commitment of such responsibilities.

We do not expect to make any other increases to the fees payable to Non-Executive Directors during the new policy period.

2021 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 141. 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 2021. Non-Executive Directors' fees were converted to US Dollars using an exchange rate of $1.3481 in 2021. 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)	2021				2020			
	Fixed fees				Fixed fees			
	Cash	Shares/ADS	Benefits	Total pay	Cash	Shares/ADS	Benefits	Total pay
Sir Jonathan Symonds	£525	£175	£3	£703	£525	£175	£2	£702
Vindi Banga	£109	£36	£1	£146	£114	£38	£2	£154
Charles Bancroft	–	$210	$5	$215	–	$82	–	$82
Dr Anne Beal	$62	$21	–	$83	–	–	–	–
Dame Vivienne Cox	£101	£34	£1	£136	£107	£36	£2	£145
Lynn Elsenhans	$134	$45	$5	$184	$93	$100	$20	$213
Dr Laurie Glimcher	–	$165	$13	$178	–	$180	$34	$214
Dr Jesse Goodman	$164	$55	$23	$242	$174	$58	$23	$255
Urs Rohner	£101	£34	£11	£146	£107	£36	£4	£147
Judy Lewent[1]	$48	$16	$9	$73	$183	$61	$12	$256

(1) Retired from the Board on 5 May 2021.

Directors' interests in shares (audited)

Executive Directors' interests in shares

The interests of the Executive Directors of the company in office during 2021 and their persons closely associated (PCA) are shown in the table below:

	Total directors' interests as at		As at 31 December 2021	Unvested share plan interests		
			Beneficial interests	Not subject to performance		Subject to performance
	27 February 2022[1]	31 December 2021[1]	Shares/ADS[2]	Shares/ADS[3,7]	Options[4,7]	Shares/ADS[5]
Shares						
Emma Walmsley	**1,521,133**	1,195,364	364,520	654,043	176,801	1,495,049
Iain Mackay	**275,681**	71,972	–	–	71,972	779,782
ADS						
Dr Hal Barron	**519,723**	424,186	224,353	199,833	–	740,680

1) **Total directors' interests** include beneficial interests and unvested share plan interests not subject to performance. The balance as at 27 February 2022 includes shares/ADS awarded in 2019 under the Performance Share Plan (PSP) and the Deferred Annual Bonus Plan (DABP) which vested in February 2022 less those sold to satisfy tax liabilities on the vested amounts. Executive Directors' shareholdings versus their SOR are outlined on page 137.

2) **Beneficial interests** include shares/ADS held by the Executive Directors and their PCAs. For Emma Walmsley, this includes 2,385 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). Further details on Dr Barron's membership of the plans can be found on page 127.

3) **Unvested shares/ADS not subject to performance** represent PSP shares/ADS which have vested but are subject to an additional two-year holding period for Emma Walmsley and Dr Barron. Unvested ADS not subject to performance for Dr Barron also represent bonus deferrals (as described in note 7 below).

4) **Unvested options not subject to performance** represent bonus deferrals under the DABP which are awarded as nil-cost options (as described in note 7 below).

5) **Unvested shares/ADS subject to performance** represent unvested PSP awards.

6) **Vested but unexercised options:** None of the Directors hold vested but unexercised options.

7) **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)	27 February 2022	31 December 2021	1 January 2021
Shares			
Emma Walmsley	178,962	176,801	189,554
Iain Mackay	122,866	71,972	36,655
ADS			
Dr Hal Barron	100,301	101,801	72,192

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.

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	01.03.18	68,716	01.03.21	£0.00	£12.11	£832

In respect of nil-cost options awarded in 2018 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 2017. Number of shares under option includes the initial award amount together with reinvested dividends accrued to the date of exercise.

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 2021 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 Number of shares/ADS			
	27 February 2022	31 December 2021	Beneficial interests at 31 December 2021[2]	Dividends reinvested after year end	31 December 2021	Elected & allocated during the year[3]	1 January 2021
Shares							
Sir Jonathan Symonds	**64,467**	**63,474**	35,757	993	27,717	15,865	11,851
Vindi Banga	**106,013**	**104,473**	71,800	1,541	32,673	4,780	27,893
Dame Vivienne Cox	**10,997**	**10,548**	–	449	10,548	3,345	7,203
Urs Rohner	**17,168**	**16,427**	–	741	16,427	3,673	12,754
ADS							
Charles Bancroft	**7,665**	**7,466**	–	199	7,466	6,099	1,367
Dr Anne Beal	**509**	**504**	▪	5	504	504	–
Dr Hal Dietz	**–**	**–**	–	–	–	–	–
Lynn Elsenhans	**47,168**	**44,984**	1,000	2,184	43,984	3,849	40,135
Dr Laurie Glimcher	**23,664**	**22,653**	–	1,011	22,653	6,039	16,614
Dr Jesse Goodman	**10,695**	**10,223**	–	472	10,223	2,136	8,086
Judy Lewent[4]	**–**	**–**	–	–	–	1,928	18,892

1) **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 2022 were converted into shares/ADS as at 13 January 2022.

2) **Beneficial interests** includes shares/ADS held by the Non-Executive Directors and their PCAs.

3) **Shares/ADS allocated during the year** under the Non-Executive Directors' share allocation plan cover five quarters of allocations for the period from October 2020 to December 2021 due to a change in the timing of allocations during 2021. Shares/ADS allocated also includes dividends reinvested during the year.

4) Judy Lewent retired from the Board on 5 May 2021, at which time her holding of 20,820 ADS under the Non-Executive Directors' share allocation plan was released to her under the terms of the plan. The holding was subject to UK income tax.

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 GLT and the Company Secretary. For the financial year 2021, the following table sets out aggregate remuneration for the group for the periods during which they served in that capacity.

Remuneration for 2021	**£**
Total compensation paid	29,205,417
Aggregate increase in accrued pension benefits (net of inflation)	39,483
Aggregate payments to defined contribution schemes	1,421,723

During 2021, 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 GLT members are required to build and maintain significant holdings of shares in GSK over time. GLT 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.

	Awards		Dividend reinvestment awards	
Awarded during 2021	Shares	ADS	Shares	ADS
Performance Share Plan	2,305,483	471,211	351,369	83,884
Deferred Investment Awards[1,2]	274,510	–	18,759	–
Share Value Plan[2]	16,380	–	–	–

1) Notional shares and ADS.

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

Directors and Senior Management continued

At 27 February 2022, 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 245.

Interests at 27 February 2022	Shares	ADS
Owned	2,482,185	526,342
Unexercised options	3,440	–
Deferred Annual Bonus Plan	588,815	121,198
Performance Share Plan	7,245,586	959,612
Deferred Investment Awards[1,2]	348,947	8,563
Share Value Plan[2]	32,760	11,480

(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 2021, she received $325,000, of which $125,000 was delivered as cash and $200,000 as stock options under the Microsoft Corporation's Deferred Compensation Plan for its non-employee directors.

CSO

Dr Hal Barron was a non-executive director of GRAIL Inc (a private company) until 24 August 2021. During 2021, he earned $30,000 in fees.

Payments to past Directors (audited)

Simon Dingemans left the Board on 8 May 2019 as a voluntary leaver. The vesting of the DABP awards is governed by the Remuneration policy prevailing at the time Mr Dingemans left the Board. The table below reflects the value of the deferred bonus and accrued dividends to the point of release.

	Date of vesting	Number of shares vested
2019 DABP	14 February 2022	51,712

Payments for loss of office (audited)

No loss of office payments were made in 2021 or 2020.

How our Remuneration policy continues to reflect Provision 40 of the UK Corporate Governance Code (the Code)

Clarity and Simplicity

The remuneration arrangements for the Executive Directors are set out in a clear and simple way in the Remuneration policy. Prior to finalising the Remuneration policy, the Committee consulted extensively with our shareholders to ensure transparency and clarity regarding its implementation. The fixed remuneration elements (salary, benefits and pension) are closely aligned with wider workforce arrangements and our pay for performance plans (annual bonus and long-term incentive) reward delivery of financial, strategic and ESG objectives in the short and long-term.

Risk

In line with the Code, we operate both deferral and post-vesting holding periods, in addition to malus and clawback provisions. The Committee retains discretion to adjust award outcomes (to zero if appropriate) if it considers the payout determined does not appropriately reflect the overall position and performance of the company.

Predictability and proportionality

Our Remuneration policy defines maximum limits on the total annual bonus and long-term incentive opportunities, and payouts under these elements are linked to fulfilment of performance conditions that support the company's publicly stated ambitions. Through its implementation, maximum reward under our short and long-term plans are only achievable for material outperformance against our stated ambitions.

Alignment to culture

GSK's purpose, values and strategy are directly reflected in the performance conditions set under the annual bonus and long-term incentive. In particular, we are introducing an ESG measure in both our short and long-term plans given our external ambitions for our Trust priority, and our Nature Net Positive and Climate Net Zero ambition by 2030. Our Share Ownership Requirements strengthen the focus on our strategic aims, and ensure alignment with the interests and experiences of shareholders, both during and after employment.

The Remuneration policy has operated as intended in terms of company performance and quantum during 2021.

2022 Remuneration policy summary

Remuneration policy review

Our current Remuneration policy (policy) was approved by our shareholders at our Annual General Meeting on 6 May 2020 when it received a 88.18% vote in favour. Shareholders are being asked to approve a new policy at our Annual General Meeting on 4 May 2022 which is intended to apply for the next three years.

During 2021, the Committee considered the policy to define the biopharma business' new approach to remuneration. The decision-making process that the Committee followed for its determination, review and implementation of the proposed new policy is set out in the Committee Chair's statement on pages 120 to 124.

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

- Align with the company's business priorities, culture, wider workforce pay policies and emerging best practice
- Support the bold performance ambitions announced to investors in June 2021 and company's key ESG commitments
- Create long-term shareholder value, and
- Drive the success of the company for the benefit of shareholders, patients, our people and other key stakeholders

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

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

The table below provides an overview of the main changes that are proposed in respect of the new policy. The full policy that shareholders are asked to approve is set out on pages 144 to 152.

Remuneration element	Proposed changes to policy	Rationale for the change
Pension	– The description of the policy has been updated to reflect that the pension arrangements of any current UK and US Executive Directors will be aligned to the new Executive Directors' arrangements from 1 January 2023 – The US contribution rates have been updated	– This reflects the commitment given in the 2020 Remuneration Report that the pension arrangements of US Executive Directors would also be aligned to those of the new Executive Directors from January 2023 – The US references have been updated to reflect the latest contribution rates for the US wider workforce which came into effect in January 2021
Annual bonus	– The maximum bonus opportunity for Executive Directors will be 300% of salary. For target performance, the bonus payout will be 100% of salary – For bonus up to an equivalent of 200% of salary, Executive Directors are required to defer 50% of any bonus earned into shares, or ADS as appropriate, for three years. Any portion of the bonus earned in excess of 200% of salary must be deferred 100% on the same basis	– The additional opportunity of 100% is being introduced in the annual bonus to appropriately focus and reward executives to deliver and exceed our public ambitions and to secure strong performance for all our stakeholders – The additional opportunity would be deferred in full to ensure alignment with shareholders' interests
Non-Executive Directors' fees	– Authority is sought for a Non-Executive Director who is a member of the Science Committee to be remunerated up to £200,000 per annum for undertaking additional responsibilities on behalf of GSK and to support R&D	– To appropriately remunerate Non-Executive Directors for their work
	– The current requirement for Non-Executive Directors and the Chair to invest 25% of their net basic fees in shares or ADS of the company is retained, but the company may choose to replace this for the Chair or one or more Non-Executive Directors with a minimum share or ADS ownership requirement of at least one times their gross annual standard fee until their retirement from the Board. Shares or ADS previously acquired through investment of fees would continue to be held under those arrangements and would be delivered or released following retirement from the Board. Such shares or ADS would count towards any expected minimum ownership requirement	– If the company chooses to replace the current investment requirement, the minimum ownership requirement would continue to maintain a meaningful and prudent level of investment to align Non-Executive Directors' interests with shareholders – The ability to replace the current investment requirement would facilitate greater flexibility in operation of these arrangements

2022 Remuneration policy report

Subject to shareholder approval on 4 May 2022 at GSK's Annual General Meeting, the Remuneration policy for each remuneration element will be as outlined in the table below.

Future Policy Table

Salary
No change

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
No change

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

Future policy table continued

Pension
Change

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 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]:
- Supplemental Cash Balance pension plan, providing annual contribution of 38% of base salary, less 5% of total base salary and bonus (net of the bonus deferred under the DABP)[3].
- GSK 401(k) plan[1] and the ESSP[1] with core contributions of 7% of salary and bonus[2] and matched contributions of 4% of salary and bonus[2].

From 1 January 2023, any current US 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 US will receive from date of appointment:
- GSK 401(k) plan[1] and the ESSP[1] with core contributions of 7% 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 treatment would be provided under any successor arrangements introduced within the market
(2) Less bonus deferred under the DABP
(3) The 5% offset is equal to the contribution to the 401(k) and ESSP which was moved from the pension plans, in line with the wider US workforce, from 1 January 2021

Annual bonus
Change

To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of stretching annual financial, strategic and operational measures.

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.

Strategic and operational measures are set at the start of the year by the Committee and performance against those measures is assessed by the Committee.

Executive Directors are required to defer part of any bonus earned into shares, or ADS as appropriate, for three years. 50% of the equivalent of the first 200% of salary is deferred, and any portion in excess of 200% is deferred in full. Deferred bonus shares are eligible for dividend equivalents up to the date of vesting.

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 147.

Opportunity
The maximum bonus opportunity for Executive Directors is 300% of salary. Below 99% of target performance, the bonus payout on the financial measures will be nil. For target performance, the bonus payout will be 100% of salary.

Strategic report
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Future policy table continued

Performance measures

Based on a combination of financial targets and individual/strategic and ESG 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.

Selection of annual bonus measures

The annual bonus is designed to drive the achievement of GSK's annual financial, strategic and operational measures.

For this reason 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 assessment of individual performance against the key strategic and operational measures which are aligned to the company's key objectives for that financial year and/or assessment of performance against ESG targets.

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

Performance Share Plan (PSP)

No change

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 147.

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 and ESG 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 2022 PSP awards are provided in the Annual report on remuneration.

Selection of long-term incentive measures

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

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

Any major adjustment in the calculation of performance measures will be disclosed to shareholders on vesting.

The Audit & Risk Committee chair and other members, who are also members of the Remuneration Committee, provide input on the Audit & Risk Committee's review of the Group's performance and oversight of any risk factors relevant to remuneration decisions.

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

Share Ownership Requirements

No change

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.

Future policy table continued

Clawback and malus

No change

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

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

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

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

Approach to recruitment remuneration

No change

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

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

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

Pension arrangements for any external recruit as an Executive Director will be as set out in the Remuneration policy table on page 145.

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

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

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

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

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

Future policy table continued

Loss of office payment policy

No change

The company does not have a policy of fixed term contracts. Generally, contracts for new appointments will expire in line with the applicable policy on retirement age, which since 2009 has been 65.

Contracts for existing Executive Directors will expire on the dates shown on page 138.

Notice period on termination by the employing company or the Executive Director is 12 calendar months.

The ability to impose a 12-month non-compete period (and a non-solicitation restriction) on an Executive Director is considered important by the company to have the ability to protect the Group's intellectual property and staff. In light of this, the Committee believes that it would not be appropriate to provide for mitigation in the contracts.

Termination of employment

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

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

Termination by mutual agreement

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

Loss of office payment policy continued

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

Where an Executive Director leaves the company, the Committee will carry out an assessment of the individual's performance and conduct over the time in role. If it is determined that the individual's performance or conduct was contrary to the legitimate expectations of the company, the Committee reserves the right to apply appropriate mechanisms such as clawback or reduction or lapsing of outstanding incentive awards (malus), to ensure that any termination payments are in the best interests of the company and its shareholders (see page 147).

Differences between remuneration policy for Executive Directors and other employees

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

In particular, the Committee considers the range of base salary rises for the workforces of those parts of GSK where the Executive Directors are employed. This is considered to be the most relevant comparison as these populations reflect most closely the economic environments encountered by the individuals.

The same principles apply to the Remuneration policy for Executive Directors and other employees although the remuneration offered to Executive Directors under this policy has a stronger emphasis on performance-related pay than that offered to other employees of the Group.

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

While employees are not directly consulted in respect of the Remuneration policy, Urs Rohner, the Committee Chair, meets with senior HR representatives from across the business to review employee feedback. Dame Vivienne Cox, an Independent Non-Executive Director, engages with employees on various topics, including remuneration, in her role as Workforce Engagement Director. Board members engage with employees around during Board meetings where they are encouraged to share their views on the company, management and remuneration.

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

Scenarios for future total remuneration

The charts opposite provide illustrations of the future total remuneration for each of the Executive Directors in respect of the remuneration opportunity granted to each of them in 2022 under the proposed 2022 Remuneration policy. A range of potential outcomes is provided for each Executive Director and the underlying assumptions are set out below.

All scenarios:

– 2022 base salary has been used.

– 2021 benefits figures have been used, ie. based on actual amounts received in 2021.

– Pensions for Emma Walmsley and Iain Mackay are based upon their 2022 salaries.

– The amounts shown under value of PSP awards are based upon the relevant multiples for 2022. 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:

– Includes base salary, pension and benefits. Excludes Pay for performance, ie. 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.

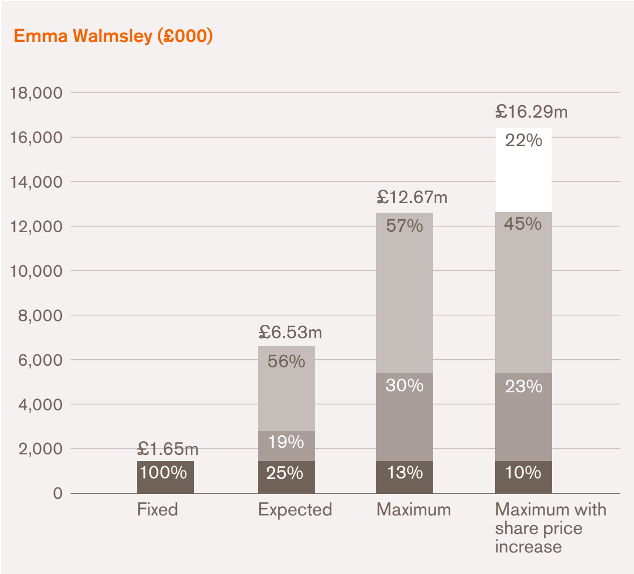
– For PSP awards, amounts reflect 50% vesting levels.

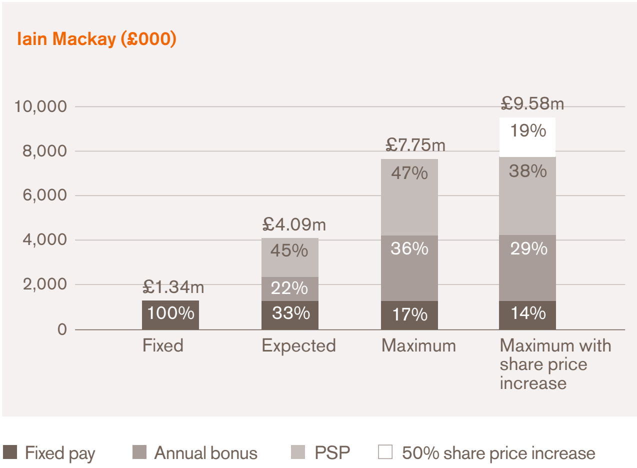
Maximum:

– It is assumed that the Annual bonus would be payable at the maximum level (i.e. 300%) 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.





Non-Executive Director remuneration policy 2022

Non-Executive Directors' fees

Change

Element	Purpose and link to strategy	Operation
Chair'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.	There is no formal maximum. However, fees are reviewed annually and set by reference to a review of the Chair's performance and independently sourced market data. The Committee is responsible for evaluating and making recommendations to the Board on the fees payable to the Chair. The Chair does not participate in discussions in respect of their fees.
Basic fees	As above	There is no formal maximum. As with the Chair, fees are reviewed annually and set by reference to independently sourced data. The Chair and CEO are responsible for evaluating and making recommendations to the Board on the fees payable to the company's Non-Executive Directors.
Fee payment	Alignment with shareholders	Fees are paid in cash. Non-Executive Directors (including the Chair) are required to invest at least 25% of their total net fees in shares or ADS of the company, but the company may choose to replace this with an ownership requirement to hold shares or ADS with an aggregate value at or above one times their gross annual standard fee until their retirement from the Board. If the current investment requirement is replaced with this ownership requirement, shares or ADS previously acquired through investment of fees would continue to be held under those arrangements and would be delivered or released following retirement from the Board. Such shares or ADS would count towards any minimum ownership requirement.
Supplemental fees	To compensate Non-Executive Directors (other than the Chair) for taking on additional Board responsibilities or undertaking intercontinental travel.	Additional fees for the Senior Independent Director, Committee Chairs, Science and Medical Experts, the Workforce Engagement Director role and intercontinental travel. The company has the authority to pay an additional fee, up to the equivalent of the Committee Chair supplement to a Non-Executive Director, should the company require significant additional time commitment in exceptional or unforeseen circumstances. The company has the authority to pay an additional fee of up to £200,000 to Non-Executive Directors (excluding the Chair) who are members of the Science Committee for undertaking additional responsibilities on behalf of GSK and to support R&D.
Benefits	To facilitate execution of responsibilities and duties required by the role.	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.

Approach to recruitment remuneration

No change

The following policy and principles apply to the roles of Chair and Non-Executive Director. It seeks to ensure alignment with shareholders through the requirement to invest in company shares and ADS.

Chair

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.

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

No change

The Chair 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.

Operation and scope of Remuneration policy

The Remuneration policy (Policy) is set out on pages 144 to 152 of the 2021 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 4 May 2022.

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 164. 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 Chair

28 February 2022