

GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

From: R. C. Sequeira

Agenda Item No.:

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Paper No.:

NRC/01/0315

To: The Nominations & Remuneration
Committee

Date:

20th March 2015

REMUNERATION POLICY FOR SENIOR MANAGEMENT/ EXECUTIVE DIRECTORS

3. Purpose

The purpose of this policy is to outline the GSK approach on the remuneration paid to the India Management Team and Executive Directors.

4. Policy

Total Remuneration = Salary + Benefits + Annual Performance Bonus + Long Term Incentives.

• **Salary and Benefits**

- To provide a core reward for the role. Set at a level appropriate to secure and retain high caliber individuals needed to deliver the Companies strategic priorities.
- When determining salary levels, individual's role, experience and performance and independently sourced data for relevant comparator groups are considered. Salary increases typically take effect in the second quarter of each calendar year. 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.
- The overall performance of the individual is a key consideration when determining salary increases.
- Benefits are in line with the policy for other employees such as provident fund, superannuation, gratuity, car / car allowance, healthcare, life assurance/death in service etc.

• **Annual Performance Bonus**

- The Annual Performance Bonus is aligned with the GSK Global Bonus Plan the details of which are outlined below
- The target bonus percentage (of bonusable salary) is linked to grade as given below

<u>Grade</u>	<u>Bonus percentage</u>
<u>1</u>	<u>45%</u>
<u>2</u>	<u>35%</u>
<u>3</u>	<u>35%</u>
<u>4</u>	<u>25%</u>
<u>5</u>	<u>18%</u>
<u>6</u>	<u>18%</u>

- Payment is made in April of each year linked to the Company and Individual performance of the previous calendar year

- Long Term Incentive- Share Value Plan and Performance Share Plan

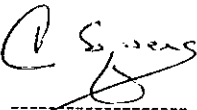
- Share Value Plan (SVP)

- This is the Global GSK PLC Share Value Plan, which rewards our Senior Managers and Executive Directors (Global Grade employees) for their performance and ongoing commitment to our success in the form of annual award of GSK PLC shares
- The actual number of shares awarded is linked to performance rating. Payment made upon vesting at the end of 3 years.

- Performance Share Plan (PSP)

- This is the Global GSK PLC Plan , which gives employees in Global Grades 3 and above a great opportunity to join the GSK PLC shareholders in profiting from the long term success of our business in the form of award of GSK PLC shares
- The payment is linked to the following GSK PLC Business Performance criteria
 - Earnings per share growth (EPS), AND
 - Corporate-Level Adjusted Free Cash Flow, AND
 - Performance Share Plan (PSP) Business Measure
- Payment is made upon vesting at the end of 3 years.

The Committee is requested to consider and recommend the above policy to the Board.



R. C. Sequeira