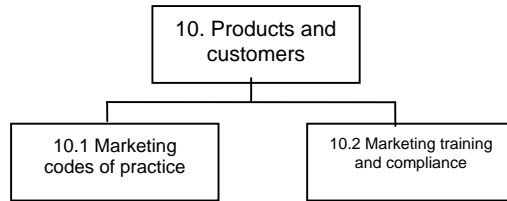


# **PRODUCTS AND CUSTOMERS**



Products 10

## Products and Customers

### *Corporate responsibility principle*

We will promote our products in line with high ethical, medical and scientific standards and will comply with all applicable laws and regulations.

GSK products are sold in more than 150 countries around the world. The first priority with any product in any country is patient safety. We have systems and processes to collect, analyse and report safety concerns about our products. For more on our approach to patient safety please go to: Patient Safety in the website.

Most of our products are sold by sales representatives who regularly meet doctors and pharmacists to inform them about our medicines and their approved uses. We also market products directly to consumers where this is permitted.

The sale and promotion of pharmaceutical products is highly regulated by governments and medical agencies. GSK is aware of the sensitivity and concerns regarding the marketing of medicines and we are absolutely committed to high ethical standards. We have developed marketing codes and policies and provide training to guide sales representatives, to ensure that they behave ethically and comply with the law.

This section explains our approach to marketing practices and covers our policies, training and compliance programmes. It includes information on compliance with our marketing policies during 2004.

Information on other business ethics issues can be found in Standards of Ethical Conduct in the website.

## Case study

### **GSK Thailand Presses for Higher Standards in the Industry**

The Thailand Industry Association, PReMA (Pharmaceutical Research and Manufacturer Association) has stewardship of the industry code of marketing practices.

In January 2004, the MD of GSK Thailand, Rick Gain, was appointed to the Board of PReMA and as Chair of its Sales and Marketing Ethics Subcommittee (SMES). At this time the existing marketing practices code was three years old and made general rather than specific commitments.

Rick's priority was to reform the industry code bringing it into line with US and European norms. The Code was strengthened in a number of areas. For example, guidance on sponsorship for overseas conferences was strengthened. The revised Code now prohibits sponsorship of overseas meetings where all (or nearly all) the attendees or speakers are from Thailand. This aims to prevent overseas travel being used as an inducement to conference participants.

The review process took nine months and involved gaining agreement from 12 major member companies of PReMA. The new code was adopted by the PReMA Board in November 2004 and a Memorandum of Understanding was signed by the member companies. Commercial staff received training on the revised code from senior members of the SMES in December 2004.

## **Marketing Codes of Practice**

Our sales representatives promote our products. They do this by providing information to doctors so they understand our products and the benefits they can deliver to patients.

Our marketing policies and codes of practice give guidance to sales and marketing employees about the high ethical standards we require. Our codes stress that all marketing and promotion must be based on valid scientific evidence, be consistent with national prescribing documentation, and comply with the law. Inducements such as gifts or bribes are never acceptable under any circumstances.

All GSK employees must also abide by our Code of Conduct and Employee Guide to Business Conduct. The Employee Guide contains a specific section covering our customers and marketplace. See Code of Conduct in the website and Employee Guide to Business Conduct in the website.

### **Marketing Policies and Codes of Practice**

Our company-wide policy on Pharmaceutical Marketing and Promotional Activity applies to all employees and agents. It commits us to promotional practices that are ethical, responsible, principled and patient-centred. It prohibits bribery or other inducements to doctors.

In December 2003 we introduced regional marketing practices codes in Europe, International, and Japan (marketing codes were already in place in the US). These codes apply the same ethical standards in all regions but reflect differences in market structures, national healthcare systems and laws and regulations.

We also adhere to international and regional industry codes of practice. These include the IFPMA, PhRMA, EFPIA and JPMA marketing codes.

### ***Progress During 2004***

During 2004 GSK's regional codes were translated into major local languages and rolled out across GSK. Sales and marketing employees now have access to them on the intranet and many have received printed copies. Area champions in each country have coordinated distribution and training on the new codes. The European code of practice includes a quarterly reporting mechanism where the markets confirm whether any breaches of the code of practice have occurred, the severity of any breaches and what actions have been taken to prevent recurrence.

We also developed and distributed a new 'Guide to US Healthcare Law' for our US Pharma employees. While this information was previously provided through training, the new guide provides a concise and easy-to-read overview of the complex legal requirements applicable to health care businesses in the US. The guide supports our commitment to an ethical culture in which employees have a good understanding of GSK's sales and marketing policies and the legal framework behind them.

Compliance with policies and procedures is a formal performance objective of sales and marketing employees in the US. This is evaluated as part of employee performance reviews. All US Pharma employees must include the following objective in 2005:

"Consistently follow company policies and procedures, take and complete required compliance training in a timely manner, and report compliance issues to manager, Legal or Compliance."

In addition, managers must include the following:

"Ensure that supervised employees are trained on company policies and procedures and have taken all required training, and provide oversight and direction to supervised employees so that they are in compliance with company policies and procedures."

### **Objectives for 2005**

We plan to analyse the differences amongst the GSK International, European and US codes of practice and local requirements in an effort to consolidate and harmonise these codes as appropriate.

The US will continue to enhance its compliance programme with the addition of resources to act as sales and marketing compliance advisers. These advisers will work with the business units to ensure that compliance and ethics policies are fully integrated and embedded.

## Marketing Training and Compliance

We recognise that strong policies and codes of practice do not guarantee that all employees will meet our standards. Commercial pressures and complex regulatory environments can sometimes present our employees with difficult ethical dilemmas.

This is why we provide regular training for sales and marketing employees that reinforces the importance of ethical conduct and helps them to understand the behaviour expected of them.

Internal compliance systems are designed to identify and address breaches of our codes.

### Training and Awareness

Sales representatives receive detailed training on the medicines they promote and the diseases which they are designed to treat.

Sales and marketing employees are also given training on appropriate marketing practices and their obligations and responsibilities under our marketing codes. Practice varies by region but employees receive training when they are hired, with refresher courses on an on-going basis.

### *Progress During 2004*

During 2004 area champions coordinated training on our new regional codes. Information on the codes is being added to induction training for all new employees, regardless of whether they will have a sales or marketing role.

In 2004 sales and marketing staff were either trained or recertified their understanding of the sales and marketing code. This was a global effort in which:

- Over 1,100 new staff in the US were trained and nearly 8,000 existing staff completed recertification on policies
- Over 10,000 sales and marketing staff in Europe were trained on the regional sales and marketing code
- In our International region training was delivered in all seven regional business units

Training is provided in a variety of ways, including self-study, on the job training by managers, web-based learning and in-house courses. Sales staff are required to pass a test on our code of practice before starting their sales role.

In the US, sales and marketing employees are now required to assess their compliance with our marketing codes as part of their annual performance and

development plan appraisal. This encourages employees to view compliance as an integral part of their overall performance.

### **Monitoring and Compliance**

Sales representatives are supervised by sales managers who regularly monitor educational events, visits to doctors, and expenses, to ensure best practices are observed. This is supplemented by additional monitoring by independent staff as needed in certain areas.

Sales managers are directed to report issues and infractions to regional compliance officers or senior managers. They are encouraged to do this through normal line management channels, but have the prerogative of making reports directly to Corporate Ethics and Compliance if necessary. All issues are investigated and appropriate action determined, with referral to the Corporate Ethics & Compliance department as appropriate.

Employees are also encouraged to report concerns or suspected breaches of our marketing codes through their line manager, compliance officer, or confidentially through our Integrity Helplines and offsite PO Box (in the US).

Staff in local market customer response centres are trained to deal with concerns about marketing practices that might be raised by healthcare professionals, patients or the public. They redirect calls to appropriate senior management or a compliance officer if necessary.

Our internal audit department also audits sales and marketing practices during regular audits of the business.

During 2004, specifically as a result of breaches of sales and marketing codes, 87 employees were dismissed or agreed to leave the company voluntarily. In addition there were 109 cases of employees being issued with written warnings, which included remedial training, and in some cases, financial penalties.

These figures form part of the overall figures reported in Standards of Ethical Conduct in the website.

### **Objectives for 2005**

Sales and marketing compliance advisers will be appointed in the US during 2005. They will work with the business units to ensure that compliance and ethics policies are fully integrated and embedded.

A Compliance Analysis and Reporting group will also be set up in the US to review compliance monitoring, auditing and investigations data and advise GSK management on compliance related issues.