

# GSK China consumer healthcare unit linked to US probe in 2012

## Probe suggests China compliance issues could be wider than previously revealed

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**A** US anti-bribery probe into Glaxo-SmithKline touched on the firm's Chinese consumer healthcare business in 2012, internal documents show, suggesting the drug-maker's compliance problems in China could go wider than previously revealed.

GSK confirmed it had conducted an investigation into procurement practices in consumer healthcare in China, but said it did not find any "unethical conduct". It said the inquiry was unrelated to a Chinese criminal investigation into corruption



in its pharmaceuticals division that was made public last year.

Three "preservation notices" seen by Reuters show GSK was conducting a focused investigation into specific people and suppliers in China at least as far back

as 2012.

The investigation was related to a US Department of Justice (DOJ) and Securities and Exchange Commission (SEC) inquiry into possible violations of the anti-bribery Foreign Corrupt Practices Act (FCPA).

"The preservation notices issued in 2012 relate to allegations around adherence to procurement policies within our Chinese consumer healthcare business," said Simon Steel, British-based spokesman for GSK, in a statement.

"We investigated using resources inside and outside the company and did not find evidence of unethical conduct, but did identify some non-compliance with our procurement procedures and remedial action was taken as a result." GSK has previously flagged that it has been part of a wider global investiga-

tion by the DOJ and SEC into pharmaceutical corruption, including in China, since 2010, but few details of the scope of that investigation have been disclosed.

The documents do not amount to evidence of wrongdoing by GSK or its partners, but show scrutiny falling on a part of its China business that had not previously been identified as under the spotlight.

Legal experts said that the more far-reaching the US probe, the greater the risk to GSK that it could ultimately face a multi-million dollar settlement payment or fine.

Reuters

Company