

**METHODOLOGICAL NOTE WITH REGARD TO
TRANSFERS OF VALUE (ToV) TO HCPs (HEALTHCARE
PROFESSIONALS), HCOs (HEALTHCARE
ORGANISATIONS) AND ORDMS (OTHER RELEVANT
DECISION MAKERS), DURING THE 2016 CALENDAR
YEAR: BOEHRINGER INGELHEIM LTD.**

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1. SUMMARY

This disclosure includes all transfers of value made to healthcare professionals and healthcare organisations, either directly or indirectly during 2016, in respect of fees, expenses and paid, contributions towards the costs of meetings, sponsorship of attendance by healthcare professionals and other relevant decision makers at meetings, donations, grants and benefits in kind provided to institutions, organisations and associations, contracts between the company and institutions, organisations and associations, and joint working.

The disclosure also includes the aggregate transfer of value to healthcare professionals and healthcare organisations in relation to research and development for clinical trials (as defined in Directive 2001/20/EC), non-clinical studies (as defined in the OECD Principles of Good Laboratory Practice) and non-interventional studies that are prospective in nature and involve the collection of data from, or on behalf of, individuals or groups of healthcare professionals specifically for the study.

All transfers of value between the 1st January 2016 and 31st December 2016 have been included. Boehringer Ingelheim's commitment to research and development is evidenced by the fact that transfers of value relating to clinical research and development represent the single biggest category within this disclosure. Outside the research and development figure, a total of 197 healthcare professionals and 88 healthcare organisations received a transfer of value from Boehringer Ingelheim during this period.

While all transfers of value have been calculated and verified on an individual basis only 56% of healthcare professionals covered by this disclosure have provided their consent for individual disclosure, with the remainder's transfers of value being reported in the aggregate.

Boehringer Ingelheim is committed to transparency and proud of the relationship that we have with healthcare professionals and healthcare organisations, as we believe that it plays a vital role in developing life-enhancing and life-saving medicines through sharing knowledge to improve patient outcomes.

2. RECOGNITION METHODOLOGIES APPLIED

Payments made to healthcare professionals and healthcare organisations during the 2016 calendar year were identified from the company's internal financial systems and the details verified against a number of secondary systems. Names and addresses were matched with the IMS OneKey system.

Cross-border payments were collected in the global financial system and a report from this used to identify payments made to UK healthcare professionals and healthcare organisations by affiliates outside the UK. Where these payments were made in currencies other than sterling, the spot exchange rate on the day that the service was rendered or the event took place, was used to create a transfer of value in sterling.

For non-monetary transfers of value, the company's internal accounting and logging systems were screened to identify e.g. Medical and Educational Goods and Services that were provided and a representative transfer of value calculated and allocated. Similarly, where internal resources were provided to a healthcare organisation, the financial benefit of the resource was calculated and allocated as a transfer of value.

3. TREATMENT OF VAT

The transfers of value included in all categories, apart from Research and Development, include VAT where a VAT invoice was received, but exclude VAT in cases where an HCP or HCO was not registered as a VAT vendor.

All Research and Development transfers of value provided exclude VAT.

4. TREATMENT OF TAX

None of the transfers of value include payment for tax due (except for VAT, as mentioned above).

5. CURRENCY ASPECTS /CONVERSION RATES

All transfers of value to UK HCPs and HCOs made by Boehringer Ingelheim Ltd. (UK) have been made in sterling.

In a number of instances UK HCPs or HCOs received transfers of value from non-UK affiliates or the corporate head office in Germany in their local currency. In order to include these in the disclosure, conversions have been made from the original currency to sterling using the spot conversion rates from the Bank of England. Where a currency was not listed on The Bank of England site, we have applied the conversion rates from OANDA.com and XE.com. Where the actual date of payment to the HCP/HCO was not available, we have used the date that a service was rendered or an event took place.

6. CROSS-BORDER PAYMENTS

These payments refer to transfers of value to UK HCPs and HCOs by Boehringer Ingelheim affiliates /operative units outside the UK, for services contracted in those countries.

Boehringer Ingelheim's compliance procedures require all arrangements to be reviewed and the proposed fees /honoraria to be approved against the Fair Market Value tables for UK HCPs, before the contracting unit can execute the contract with the HCP or HCO.

Post event, the actual payment data has been extracted from the company's financial system in order to calculate the transfer of value; using the currency conversion rates as above.

7. MULTI-YEAR CONTRACTS

Where contracts have been entered into spanning more than 1 calendar year, only payments /transfers of value executed during the 2016 calendar year have been included in the disclosure. The remainder of the contract values will be disclosed in future relevant disclosure periods.

8. OVER THE COUNTER BUSINESS TRANSFER OF VALUES

No over-the –counter transfers of value have been included in the 2016 disclosure.

9. DEFINITIONS USED

DONATIONS:

An unsolicited financial contribution provided to an organisation, without the expectation of a return/service.

GRANTS:

A financial contribution paid by Boehringer Ingelheim to a third party in order to cover the totality or part of the costs of an HCP, or representative of a patient association (where appropriate), attending a scientific meeting, congress, or other educational event organised by such a third party.

SPONSORSHIP:

A financial contribution paid by Boehringer Ingelheim to a healthcare organisation or private third party in order to support the organisation of a scientific meeting, educational event, congress or similar in return for the acknowledgement of Boehringer Ingelheim's sponsorship.

“Sponsorship” in the 2016 Disclosure also includes “sponsorship of attendance”, comprising registration fees and the cost of travel and accommodation, both inside and outside the UK.

FEES:

A payment made to a professional person or to a professional body or organisation in exchange for advice or services (such as speaking at events).

10. INDIRECT PAYMENT OF TRANSFERS OF VALUE TO HCPs AND HCOs/ NON-MONETARY TRANSFERS OF VALUE

Where a transfer of value was made to an HCP indirectly via a healthcare organisation, and the HCP could be identified, the transfer was disclosed against the HCP, rather than the HCO. This approach was also followed in instances where individual HCPs established their own companies and contracted their services through their company, rather than as individuals, unless they did not provide consent for individual disclosure.

Where registration fees, accommodation and / or travel costs have been paid directly by the company or a third party, the relevant costs have been calculated as a transfer of value for the individual HCP or HCO and added to the individual HCP or HCO transfer of value amounts.

Where resources from the company have been made available to a Healthcare Organisation, e.g. providing time from a health economist or epidemiologist, the resources have been converted to a transfer of value based on the average hourly rate for the specific resource, multiplied by the number of hours utilised. This has especially been the case with Joint Working.

In instances where Medical and Educational Goods and Services have been provided to Healthcare Organisations, the relevant cost of the goods and services have been calculated as transfer of value and allocated accordingly.

11. SHARED TRANSFERS OF VALUE

Boehringer Ingelheim worked jointly with other pharmaceutical companies in some instances to commission the services of HCPs, for example as a member of the European Medicines Group. The total amount of the fees paid by the group was divided equally between the 18 companies with the agreement that each company would declare its portion as a transfer of value in the aggregate.

12. RESEARCH AND DEVELOPMENT

The Research and Development transfers of value have been calculated as payments to health service organisations, universities, scientific research organisations and healthcare professionals for Phase I to IV clinical trials and Investigator Initiated Studies.

All payments represent the invoice value excluding VAT.