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| Company: | Roche |
| Sector: | Pharmaceuticals, biotechnology, life sciences |
| Report Year: | 2013 |
| Headquarters: | Switzerland |
| Standard Application: | IFRS, GRI 3.1, CEFIC Responsible Care (HSE) |
| Format: | Listing (Annual / Integrated Report) |

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Non-financial reporting

At Roche, we are committed to the Triple Bottom Line principle and to driving our social and environmental performance with the same diligence as our financial performance. From a reporting perspective, guidelines are evolving towards integrated reporting and we are fully committed to this kind of integrated thinking. Internally, we have been assessing the best approach and the most appropriate communications channels for Roche and its stakeholders. Based on this assessment, we have decided to move to the voluntary Global Reporting Initiative G4 standard from 2014, in order to further enhance our social reporting engagement.

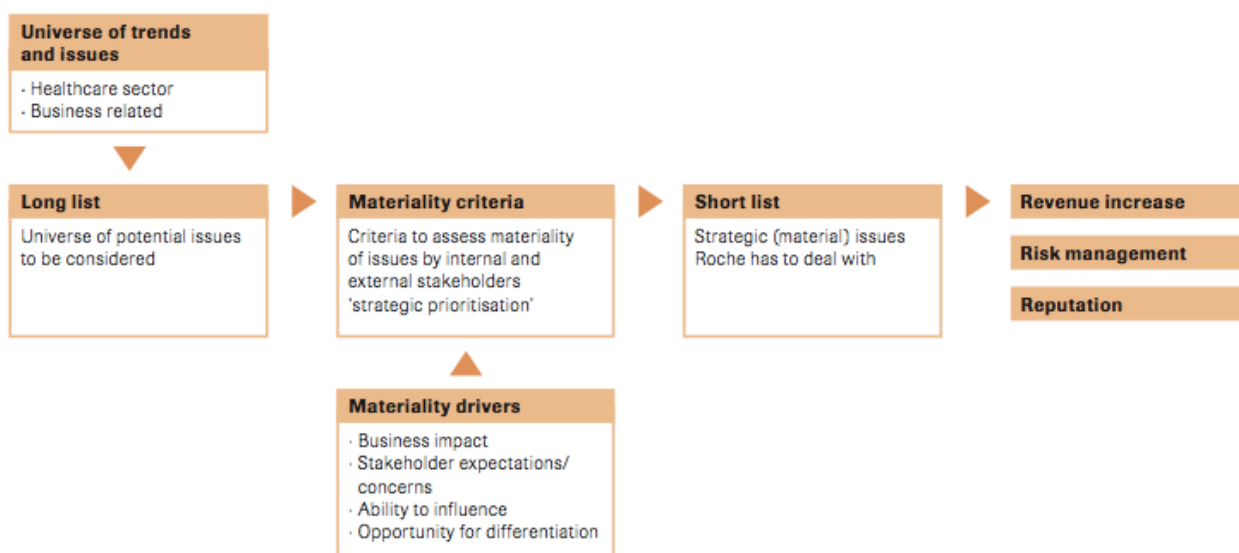
A particular aspect of the new guidelines is materiality assessment; an analysis of areas of relevance and potential opportunity or risk which have the ability to preserve and create value in the short, medium and long term. We already apply a materiality framework in our Safety, Security, Health and Environment (SHE) management, where we actively assess the impact (including financial) our sustainability initiatives have, or could have on our business (see more in SHE chapter of this report). For the company as a whole, we are in the process of implementing a broader materiality assessment process to more effectively systemise our existing analysis of opportunities, stakeholder feedback and risks that we believe to be the most material for Roche.

The formal materiality exercise began internally in 2013, through the Roche Corporate Sustainability Committee and network, where six key corporate responsibility material topics were identified and which will provide a basis for beginning a fuller materiality assessment with our stakeholders:

- Access to healthcare
- Compliance and corporate governance
- Eco-efficiency
- Leadership and employee engagement
- Safety (product, plant)
- Supply chain and partners

Further information on all these areas can be found in the relevant sections of this report, Markets, Corporate Governance, SHE and People.

The Roche materiality process



Managing risk and crisis

We have in place a full Risk Management Policy, which sets out our approach for identifying, managing and reporting internal and external risks. We also use stakeholder feedback to help manage social, environmental and economic risks.

Using consistent methodologies and processes, we routinely perform risk assessments at all levels of our organisation. A Group Risk Report, which covers all material risks, is annually discussed with the Corporate Executive Committee and the Audit Committee of the Board of Directors. We regularly update our risk management processes to raise awareness and understanding of risk throughout the Roche Group.

The Group Risk Management team provides advisory services to sites, affiliates, project and product teams. It monitors risk patterns in specialist areas such as social media, IT security, compliance and sustainability. E-learning programmes, classroom training and workshops are in place to improve the understanding of risk and help employees manage them appropriately.

Additionally, we have established incident management teams throughout the Roche Group to ensure that we act quickly in an emergency. These teams regularly rehearse different crisis scenarios, alerts and escalation procedures. We continue to strengthen our business continuity management (BCM) to ensure that all our sites respond effectively to catastrophic events and deliver a minimum, acceptable level of key products

and services. A Group BCM policy and guideline is in place, facilitating a consistent and aligned local implementation. We are currently rolling out the new BCM framework across the Group to make sure Roche's operations are resilient and capable of effectively responding to major disruptions.

Sustainability risk

In 2013, Roche adopted a new Business Sustainability Risk Assessment approach in order to ensure that emerging social, environmental and economic risks are not overlooked. Business sustainability risks include risks affecting multiple parts of the company, as well as risks that may have longer-term impact.

This approach allows us to assess emerging risks on an annual basis and to integrate these into our existing Group Risk Management Process. Using this approach, potential business sustainability risks were identified from literature review, risk intelligence sources and workshops with the Corporate Sustainability Committee. Each of these risks were then assessed by an expert cross-functional team resulting in a short list of five business sustainability risks that have now been integrated into our 2014 Group Risk Management Process.

The five business sustainability risks identified are:

- Earthquake (Basel, Tokyo, South San Francisco)
- Inadequate strategies for Cloud, mHealth (mobile devices), eHealth (electronic devices) and social media
- Cyber attacks
- Issue response not yet optimised
- Severe income disparity