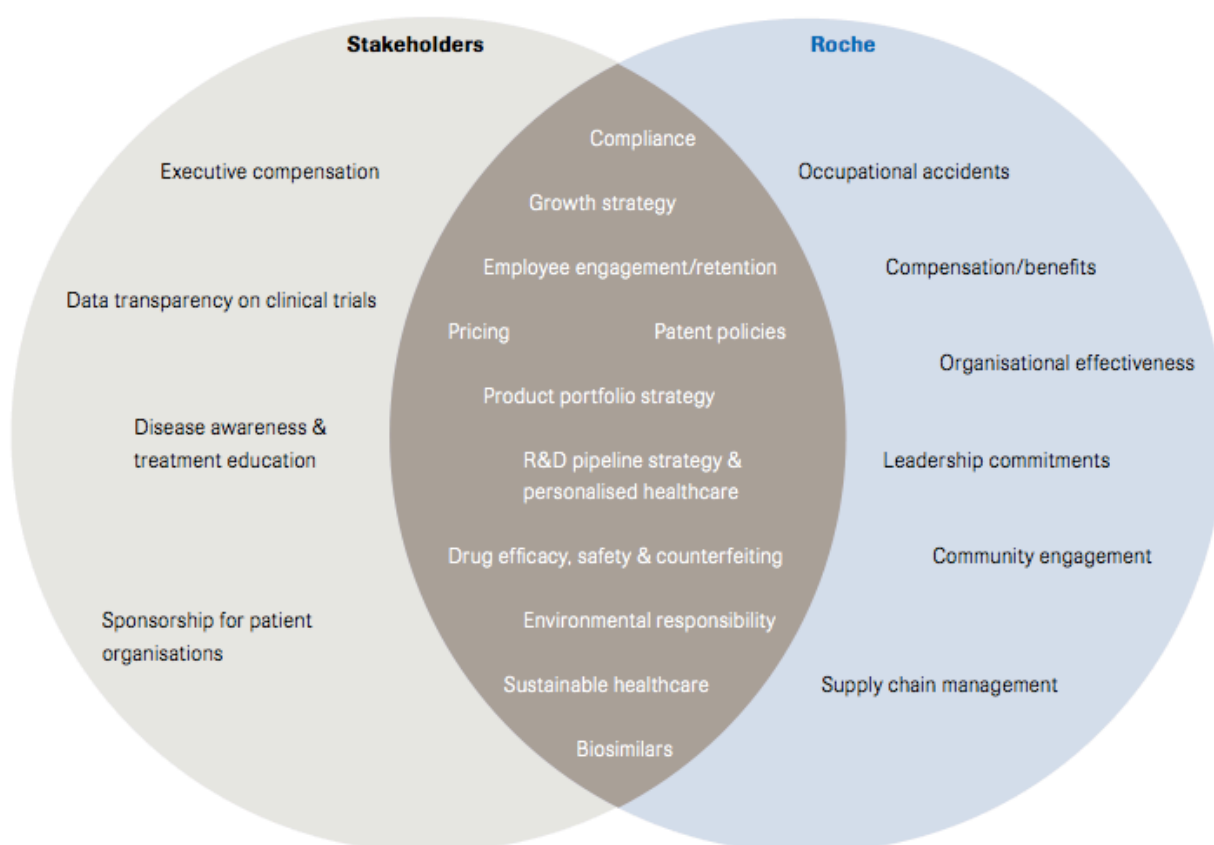


www.materialitytracker.net RESULTS

| | |
|-----------------------|---|
| Company: | Roche Holding AG |
| Sector: | Pharmaceuticals, biotechnology, life sciences |
| Report Year: | 2014 |
| Headquarters: | Basel, Switzerland |
| Standard Application: | IFRS, GRI G4, CEFIC Responsible Care, ISAE 3000 |
| Format: | Schematic and Listing (Annual Report) |

Material topics actively managed by Roche



■ Area of high interest to stakeholders ■ Areas of strategic interest to Roche and stakeholders ■ Area of high interest to Roche

Engaging with our stakeholders

Engaging with our stakeholders is essential for understanding their expectations, needs and concerns. By embedding their feedback into our strategy and our daily business, we are able to address our common issues and develop long-term solutions.

We interact with our stakeholders through a variety of communication channels, such as corporate websites and other publications. In addition, we participate in more formal and structured engagement, such as meetings, forums and other events, and carry out consultations and surveys.

We have established Group-wide guidelines and policies to govern our interactions with key stakeholder groups. We capture stakeholder concerns at a local level and re-channel them to the global list of strategic communication priorities. This helps us incorporate stakeholder interests into our strategic plans, as well as focus our communication on topics of most relevance to our stakeholders.

Political and industry engagement

As well as engaging with healthcare professionals and patient organisations, we are also active in consulting with government officials, industry bodies and other stakeholders such as think tanks and academic institutions to participate in debate and develop effective laws, regulations and policies for public health. Key areas for discussion in the EU in 2014, for example, were regulations on a number of topics, including clinical trials; the Innovative Medicines Initiative (IMI2); data protection; and medical devices and *in vitro* diagnostic tests.

In the US, the landscape remained heavily influenced by the development of healthcare reform and the ensuing debates around it. Genentech worked closely with its

stakeholders in 2014 to contribute our expertise on issues such as insurance coverage expansion, biosimilars, drug safety and security, corporate tax and payment and delivery reform.

All employees working with government officials are expected to follow our good practice guidelines and act in an appropriate ethical and professional manner.

Non-financial reporting

We have adopted the Global Reporting Initiative (GRI) G4 reporting guidelines, which we disclose at the core application level. We also report a number of additional indicators that are relevant to our business and stakeholders which go beyond the requirements for the core level.

Materiality

To ensure we have identified the topics that affect our stakeholders and that are relevant for our long-term success, we have conducted a materiality analysis at the corporate level amongst our key stakeholders, in line with our Strategic Framework, and described on the related Roche website (see page 172). In a first step, in 2013 we defined an integrated process, criteria for inclusion and main drivers for the materiality assessment. In a second step, in 2014 we gathered stakeholder feedback through various internal and external sources, conferences as well as regular interviews and one-on-one discussions conducted by Roche experts. This enabled us to include the topics from those stakeholder groups that we consider most important to our business and to the healthcare sector: patient organisations, employees, media, investors, payers, regulators and governments. We also identified key corporate business risks and opportunities through our internal risk framework (see page 100).

Step 1

Defining the materiality process



Step 2

Collecting stakeholder feedback



Step 3

Identifying material topics

Preparing our assessment

- Confirm process, criteria and drivers to assess materiality of key topics
- Determine ability to influence topics and opportunities for differentiation

Views from our stakeholders

- Identify key stakeholders
- Collect feedback through surveys and internal experts

View from Roche

- Identify key corporate business risks and opportunities through our established risk framework

Our 21 material topics

- Map the most significant economic, environmental and social topics for our long-term success
- Address through operational activities and align with our strategic priorities
- Plan ongoing pro-active engagement with key stakeholders

In a final step, we combined those various insights and identified 21 material topics that stood out as highly relevant to us and our key stakeholders, and with a significant economic, environmental or social impact. These 21 material topics are reflected in our business priorities. We build concrete actions relating to them in our operational activities, and measure performance through defined indicators as described on the related Roche website (see page 172).

The process and the results of our materiality analysis have been endorsed by the Roche Corporate Sustainability Committee and by our Chief Executive Officer.

Moving forward, we will maintain constant engagement with our key stakeholders at a global and local level and regularly update our materiality analysis.

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 and opportunities. We also use stakeholder feedback to help manage social, environmental and economic risks and opportunities.

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 reviewed by 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, workshops and risk roundtables are in place to improve the understanding of risk and help employees manage them appropriately. In 2014, a Risk Forum concept involving a group of internal thought leaders was launched in order to raise risk awareness across the organisation.

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.

We have also updated our Group Influenza Pandemic Policy and supporting materials based on the latest World Health Organization Interim Guidance. This guidance, which is risk based, is to be evaluated at a national/local level. The Group Policy reiterates our strategy to promote preventative measures to reduce infection risk, such as social distancing, personal protective equipment, vaccination provision (where possible), and to use antivirals as part of an influenza pandemic management plan.

Sustainability risks and opportunities

Business sustainability risks include risks affecting multiple parts of the company, as well as risks which may have longer term impact. In 2014, Roche enhanced its Business Sustainability Risk Assessment approach, which 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 was 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 for 2014 are:

- Earthquake (Basel, Tokyo, South San Francisco)
- Inadequate strategies for Cloud, mHealth (use of mobile devices), eHealth (use of electronic devices) and social media
- Cyber attack
- Issue response not yet optimised
- Third-party relationships