



Policy on Donations and non-commercial Sponsorship

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Corporate Roche Policy on Donations and non-commercial Sponsorship

1. The Roche Approach

The Roche approach to donations and non-commercial sponsorship mirrors our sustainable business model and innovation culture with an eye to efficiency and equity. When assessing projects, we focus on the potential impact rather than on the cost. By developing and implementing innovative solutions together with competent partners based on our core competences, the simplest measures will most often result in more lasting improvements. This collaborative and value based approach also assures that both Roche and its partners are committed to effective outcomes. Our expectation is that our partners share the risk, commitment and investment of respective resources in the success of a project.

Roche emphasis is on projects making a real difference through impact, innovation, sustainability and quality of the partnership. Material return on investment is not the measure of success or value. We believe that good corporate citizenship should be a matter of course and is not something to be undertaken for publicity purposes

As a global healthcare company, Roche has been contributing to the quality of life of people around the world for over a century through the discovery, development and production of innovative solutions for the healthcare sector. We are constantly looking for innovative ways of improving healthcare delivery and of making our solutions more readily accessible, in particular for needy people in the poorest countries of the world. Because of the alignment between our diagnostics and therapeutics businesses, we are able to contribute to the effective use of these countries' very limited resources.

Based on the evolved Corporate values as described in the Corporate Principles, Roche primarily contributes to society by creating value enabling us to continuously

- produce innovative solutions for unmet medical needs,
- offer attractive and competitive employment opportunities,
- honour our shareholders' investment through sustainable profit sharing (dividends and share price) and
- support our local communities with taxes paid directly by the company and indirectly through our employees' tax contributions.

2. Scope

The policy covers donations and non-commercial sponsorship as additional contributions to express our commitment and responsibility towards society in a broader context. Such contributions are part of a long standing Roche tradition of sharing business success with those stakeholders who are not in a position to directly benefit from our primary business success or who share special risks with us. In contrast to the business related sponsoring activities reflected in Marketing and Distribution or Research and Development expenses, donations and non-commercial sponsorship covered by this policy are distinguished from commercial considerations. Thus the majority of our contributions are donations rather than sponsoring.

3. Guiding Principles for Donations and non-commercial Sponsorship

3.1 Emphasis on Impact

Social responsibility and mainly donations and sponsoring are distinct from specific commercial considerations. Roche donates both in cash and in kind. As a globally active and multicultural organisation, Roche can share an enormous potential of expertise and human talent in various areas. Sharing capacity and transferring know-how can be much more effective and sustainable than a strict material or financial contribution. Consistent with our business model, Roche looks to dedicate its resources to projects or needs that would not be addressed without Roche involvement, especially seed support.

Roche declines to share figures on resources spent for donations and sponsoring to the broad public as it would be an incomplete and potentially misleading depiction of the company commitment and impact. Both internal and external communications should consequently focus on the outcomes of a donation, not the size or amount of the investment except in those cases where contributions from our employees or third parties are involved.

3.2 Commitment

Roche wants to be a reliable, long-term and active partner. Accordingly, we focus our resources on a small number of selected projects where our contribution can make a real difference rather than spread the limited funds available among a vast number of projects.

4. Focus and Priorities

To enhance the impact of our contributions and reflecting our business model as well as our more than hundred years old corporate culture, Roche exclusively focuses its resources on projects in the following areas:

4.1 Humanitarian and Social Projects

As one of the world's leading healthcare companies, Roche believes it is part of our responsibility to, first and foremost, use our expertise to improve access to healthcare and our medicines. Roche believes its finite resources should help efforts to increase access to its medicines globally and should be concentrated where they will benefit those in greatest need. As a result, Roche invests about 60% of its donations and non-commercial sponsorship expenses in humanitarian and social projects.

In an environment lacking minimal infrastructure and medical expertise, investments in education and prevention are usually a more sustainable solution than drug donations.

Strategies implemented by Roche to increase global access to healthcare include:

4.1.1 Clear and transparent patent and pricing policies

Roche seeks to make its medicines more accessible to all the Least Developed Countries of the world. Therefore Roche has pioneered one of the most innovative and transparent patent policies for all its medicines in the world's Least Developed Countries (as defined by the United Nations):

- No patents for any of Roche's medicines – across all disease areas – will be filed in the Least Developed Countries of the world. Nor will Roche enforce existing patents or patents that have been licensed-in in these countries.

- To improve access to those most in need of urgent life-saving HIV/AIDS medicines, Roche has developed a specific HIV/AIDS patent policy.
- Roche will not file patents on new ARV's in Least Developed Countries and sub-Saharan Africa.
- Roche will not take action against generic versions of its antiretroviral therapies in Least Developed Countries and in sub-Saharan Africa.
- Local manufacturers which meet the requirements of the Roche AIDS Technology Transfer Initiative are engaged to increase access to HIV medicine and to address the growing need for second line treatment in countries within sub-Saharan African or those defined by the United Nations as 'Least Developed Countries'.

Roche has also developed a pricing policy for its HIV protease inhibitors to help increase access to these medicines. Roche no profit prices are currently similar or lower than those of generic versions.

Roche has thus removed both patents and profits as barriers to increasing access to its two HIV protease inhibitor medicines in these countries.

4.1.2 Working in partnership with committed governments, experienced NGOs and other parties sharing similar goals

Roche is willing to share its know-how in public-private partnerships within the following conditions:

- Access to full and efficient treatment for those who really need it by fighting trafficking, grey and black market as well as counterfeiting;
- Systems are in place to ensure safety for the patients (monitoring and surveillance to avoid negative side effects as well as to prevent resistances throughout the whole treatment);
- Commitment from the local authorities is ensured through adequate investments in infrastructure, logistics and education;
- Proper and ethical handling to be ensured through professional, reliable, independent but locally established partners with a proven track record.

4.1.3 Clear and transparent rules for drug donations

Drug donations do not form a central component of our policies to increase sustainable access to our medicines globally. All requests that Roche receives from charitable organisations seeking drug donations will be evaluated on an individual basis and be dependent on a number of key criteria being met, as outlined by the WHO guidelines.

Providing treatment for chronic diseases such as HIV/AIDS is totally different to delivering emergency aid such as food, painkillers or vaccines. Whenever therapy is lifelong, it would be unethical for Roche to make a donation of its medicines without the guarantee of continuous supply for each recipient's entire life.

4.1.4 Clear and transparent rules for emergency cases

In cases of emergencies following natural disasters such as earthquakes or other unforeseeable incidents overwhelming the existing local resources, Roche is ready to support the local authorities and the professional emergency aid organisations. All these requests are handled exclusively by the local General Manager in direct contact with the local authorities and aid organisations and based on the effective needs. The rules for drug donations are applicable as well. Corporate Donations and Sponsorship acts as the coordinator and, when necessary, as a facilitator on a Corporate level.

Despite the admiration and acknowledgment for private initiative and dedication, Roche principally does not support projects compensating primary tasks of the local authorities or fund raising events channeling money to third parties.

4.2 Science and Education

Roche's business model is based on innovation and excellence and recognizes that crossing new frontiers involves significant risks as well as major opportunities. The company applies strict ethical standards and strives for high levels of individual performance and responsible behaviour in all of our areas of research, including areas that offer no immediate commercial benefit.

Roche further supports science and education as the driver of its future success with a clear focus on natural and biological sciences. Emphasis is placed on research grants, project based funding of academic research, enhancing public understanding of the impact and promise of cutting edge science and projects creating interest and awareness of future generations of scientists for the challenges and opportunities within the life sciences. In any case, Roche will respect the independence and autonomy of its partners in the research and education area, which get about 20% of the expenses for donations and non-commercial sponsorship.

The Swiss based *Roche Research Foundation*, a number of university chairs and local projects to enhance the teaching and learning of science and mathematics are typical examples for the activities in this area.

4.3 Cultural Projects

Roche has always cultivated and fostered intensive interactions with contemporary music and art as an expression of its commitment to innovation characterized by excellence, distinctiveness and passion. Openness to intellectual challenge and permanent change as well as the pursuit of new horizons and excellence remain fundamental to the business model of Roche. The key driver for business success is and remains the capability of Roche to offer an inspiring working environment for our employees.

Architecture, contemporary music and art have always been a perfect yet challenging reflection of the organically grown Corporate Culture. With a related commitment to sustainable cultural engagement, Roche abstains from any funding of activities in popular (mainstream) culture and entertainment including sports, in favor of niche culture programs to expose and encourage mainly our own employees and our scientific peers to a continuing intellectual challenge. Roche is investing maximal 10% of its expenses for donations and non-commercial sponsorship into cultural programs.

Currently, the main projects on a Corporate level are the *Museum Tinguely*, *Roche Commissions*, *Roche 'n' Jazz* and *Roche Continents – Youth! Arts! Science!*

4.4 Community and Environmental Projects

With a long history of good corporate citizenship, Roche support of community projects should reflect local customs and needs. Community projects covering around 10% of the expenses for donations and non-commercial sponsorship should comply with the following requirements:

- Respect the arm's length principle safeguarding the independence of the local community as well as the local regulations and customs. Roche is a committed and active, but a non-discriminatory and neutral part of the community.
- Community projects should add real value to society and not supplant the obligation of public sector funding.
- Community projects should encourage and honor individual commitment and integration of our own employees within their local society by supporting private social initiatives. The General Managers of the local Roche affiliates shall establish transparent guidelines for local donations and non-commercial sponsorship activities prioritizing and leveraging their own employees' efforts and integration in local community.
- Roche is strictly respecting local laws and the political will and independence of the local communities. Roche abstains from any interference into the local politics and will always accept the final decisions taken by the defined political bodies within the given legal and political system and governance. Roche will not financially support individual politicians.

Expenses for trade and business associations are not accounted under donations and non-commercial sponsorship.

Addendum

1. Roles

Experience shows that material resources are not the decisive success factor for any project. As an innovation based company, Roche can draw from a huge pool of specialists from all areas as well as a broad range of experiences in projects of any kind thereby surpassing or extending any monetary contribution.

Roche prefers to engage as an equal partner in the earliest possible stage of any project to ensure optimal use of the available resources by all parties consistent with the concept of public private partnership.

Social responsibility is an integrated part of our business model. Consequently, responsibility lies with local management within the given Corporate values and priorities and the agreed budgets. The operational roles are defined as follows.

- **All projects involving major resources, more than one country and/or both Divisions:**
Corporate Donations and Sponsorship as part of Corporate Communications, as the coordinator on a Group level.
- **Product related sponsoring and donation activities on a local or national level:**
Local management (General Managers/Site Managers) within the Divisional rules and agreed budgets (M&D) and the given regulations (Marketing Codices)
- **Product related sponsoring and donation activities on a regional or international level:**
Area Heads within the Divisional rules and agreed budgets (M&D) and the given regulations (Marketing Codices). The Division has to be informed prior to launch in due time.
- **Local and national activities only:**
General and Site managers within Divisional rules and agreed budgets.
All Sponsoring and Donations are to be reported into the Sustainability Report
- **Non-product related activities covering other countries, the interests of another Division or involving international organisations** need approval by Division as well as by Corporate Donations and Sponsorship.
- **Local humanitarian activities such as support in emergency cases:**
Local management in close contact with local authorities and Corporate Donations and Sponsorship. All related responses and other activities by affiliates must be channelled and coordinated through Corporate Donations and Sponsorship.
- **Affiliate and Employee Initiatives:**
As an enhancement to ongoing donations and sponsorship activities, the Roche Employee and Charity Trust (Re&Act) serves as a conduit for pooled Roche employee donations. Re&Act represents a corollary vehicle to further the shared interests of supporting sustainability, impact, innovation and long-term effectiveness. With the three established funding areas of catastrophic damage, humanitarian needs and HIV/AIDS impact (via the Global Roche Employee AIDS Walk), funding through Re&Act will focus on humanitarian support and rebuilding projects. Affiliates and groups of employees can contact Corporate Donations and Sponsorship to request information or assistance in utilizing Re&Act as appropriate. For more information on Re&Act, please see <http://www.react.roche.com>.

2. Checklist for the evaluation of requests and proposals:

Roche does not accept any obligation for sponsoring or donations. Each prospect is evaluated case by case. Some general guidelines include:

- Characteristics of projects Roche prefers to support
 - Innovative projects contributing to distinctive and sustainable improvements in healthcare, science and education as well as in contemporary music and art
 - Roche involvement makes a real difference
 - Roche is actively involved in the development of the project at an early stage - and not solely as a source of funds
 - Roche can contribute with know-how and logistics rather than simply with cash
 - Projects that are driven by locally established organisations with support from the local authorities
 - Projects for which a collaborative exit plan for Roche support, based on timetables and deliverables, is established
- Roche never reacts on
 - Illegal or unethical proposals
 - Mass mails, unsigned requests or broadcast requests throughout the corporation
 - Projects with clear political religious or commercial background or purpose
 - Requests from or to benefit single individuals
- In general Roche does not support projects with the following characteristics
 - Commercial and/or sport and/or mainstream entertainment events
 - Humanitarian or social projects driven by individuals and/or not supported by the local authorities
 - Indirect support of aid projects through fund raising events and/or charity conduits
 - Image campaigns
 - Replacement of public funding and public or government responsibility
 - Given projects in a final stage without an opportunity to apply Roche expertise

3. Procedure

- Sponsoring proposals and requests for donations should be sent directly to the local management (GM's office, Donations and Sponsorship or Communications Department but not to individuals)
- Requests for scientific grants should be addressed to the Roche Research Foundation (guidelines and eligibility see <http://www.research-foundation.org>) if applicable or to the local Research organisation.
- Corporate Sponsoring and Donations deals with cross-divisional and cross-national projects, international organisations as well as with all local Swiss projects. Local requests are dealt on a local level only.
- Roche responds only to requests and proposals with a documentation including a description of the organization, full project, the program budget and a hand signed letter or email.

Approved by the Corporate Executive Committee on December 12, 2006