

Policy on Philanthropic Donations and non-commercial Sponsorship

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Corporate Roche Policy on Philanthropic Donations and non-commercial Sponsorship

1. The Roche Approach

An important aspect of Roche's commitment to responsible corporate behaviour is our exercise of social responsibility through philanthropic donations and non-commercial sponsorship. The Roche approach to philanthropic donations and non-commercial sponsorship mirrors our sustainable business model and innovation culture. By selectively developing, supporting and implementing innovative solutions together with competent partners based on our core knowledge and skills, we aim that simple measures will result in lasting improvements and sustainable impacts for society. This collaborative and value based approach demonstrates 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 innovation, collaboration, quality and sustainability. When assessing projects, we focus on the potential impact rather than on the cost. We consider impact, not material return on investment, 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. Roche has a rich history of leadership not only in healthcare innovation, but also in philanthropic giving.

2. Scope

This policy covers philanthropic donations and non-commercial sponsorship as distinctive 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 who may not be in a position to directly benefit from our primary business success or who share special risks in common or who can benefit from the community value derived through our support or collaboration. In contrast, commercial donations and sponsoring activities are part of the marketing and distribution or the research and development expenses and are not covered by this policy.

3. Guiding Principles for Philanthropic Donations and non-commercial Sponsorship

3.1 Emphasis on Impact

Roche engages in fewer, more in-depth projects emphasizing innovation, collaboration, quality and sustainability by donating 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 or where Roche involvement can make a significant difference.

Roche has come from a long tradition of not sharing figures publicly regarding resources spent for philanthropic donations. The amount or value of a donation (the input) is not viewed as a predictor or determinant of the significance and effectiveness (the outcome) since the cost of supporting a programme does not define its benefit. Communicating the impact of the programmes we support is an opportunity to better convey our intention and affirm our focus both externally and internally.

At the same time, there is ever increasing external interest and inquiry for quantitative information regarding Roche philanthropic donations. The company does assure full internal documentation and monitoring of assets spent on philanthropic donations and non-commercial sponsorships. All Roche affiliates must annually report donations figures and requested impact information through the Financial Group Reporting System. Further, the partnerships and agreements with organizations receiving Roche donations are expected to assure reporting of project evaluation and data regarding the effect of any programme. At the corporate level the review of such input and outcome data may lead to communicating aggregate information.

3.2 Commitment and Focus

Roche aims to be a reliable, long-term and active partner. Accordingly, we focus our resources on a small number of selected projects where our engagement can make a significant difference rather than spread the limited funds available among a vast number of projects. Philanthropic donations are made only to duly registered or accredited independent nongovernmental organizations (NGO's) or not-for-profit charities thereby excluding governmental, political and religious entities.

Despite recognizing the importance of private initiative and dedication, Roche principally does not support projects which supplant primary responsibilities of local authorities nor fund raising events which are simply conduits for transferring monies to third parties.

Roche rather directly links with NGOs who implement programmes and operate at the community level.

Consistent with the spirit and concept of collaboration, Roche prefers to engage as an equal partner in the earliest possible stage of any project to optimize use of the available resources by all parties. Experience shows that financial resources are not the sole decisive success factor for any project. As an innovation based company, Roche can draw upon a broad pool of specialists and experts as well as a range of experiences related and linked to our core business, thereby surpassing or enhancing a monetary contribution.

Roche strictly respects local laws and the political will and independence of the local communities. The company abstains from any interference into local politics and will always accept and honor 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 also not accounted under philanthropic donations and non-commercial sponsorship.

4. Priority Giving Areas

To enhance the impact of our donations and reflect our business model as well as our more than hundred year old corporate culture, Roche focuses its resources on projects in the following four areas:

4.1 Humanitarian and Social Projects

As one of the world's leading healthcare companies, Roche believes it is part of our responsibility, first and foremost, to use our expertise to improve access to healthcare and our medicines and technologies. Roche's primary role in improving access to healthcare is through the discovery, development & commercialisation of medically differentiated medicines and diagnostics to help diagnose, monitor and treat serious and life-threatening diseases where there is unmet medical need ([link to online Roche - Access to Healthcare](#)). Our contributions should help efforts to increase access to healthcare globally and should be concentrated where they will benefit those in greatest need.

Additionally, Roche invests a bulk of its philanthropic donations and non-commercial sponsorship spending in humanitarian and social projects. In environments lacking minimal infrastructure and medical expertise, investments in capacity building, education and prevention are usually a more sustainable solution than medicine or diagnostic donations. By contributing to social and humanitarian programmes, we help build stronger, healthier communities through better human services and support systems especially for those who need them most.

The Roche [Children's Walk](#) of cash and in-kind giving to assist orphans to HIV/AIDS in southern Malawi and leadership support of *Phelophepa*, a mobile primary health train

serving remote rural towns in South Africa, are prime examples of humanitarian and social donations at the corporate level.

4.1.1 Clear and transparent policies for product donations

We believe supporting improvements in healthcare has much more impact than just giving away any product. Drug and diagnostic donations are not a core component of our policy or practice to increase sustainable access to our goods and services globally. Requests that Roche receives from charitable organisations seeking medicine or diagnostic donations are evaluated for exceptional consideration only on an emergency basis. In general, the respective local management is responsible to review and decline or to confer with Corporate Donations and Philanthropy regarding a critical need. Any potential commitment will be based on a specific case review and would assure that Roche criteria as well as [WHO guidelines](#) for donations of medicine and of healthcare equipment are clearly met.

Providing treatment for chronic diseases such as HIV/AIDS or hepatitis, is totally different to delivering emergency aid such as food, painkillers or vaccines. Whenever therapy or care is life-long, it would be unethical for Roche to make a donation of its product or services without the guarantee of continuous supply.

4.1.2 Clear and transparent policies for emergency assistance

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 such requests are handled exclusively by the local General Manager through direct contact with the local authorities and aid organisations and based on the related needs. Corporate Donations and Philanthropy acts as the coordinator and, when necessary, as a facilitator on the Corporate level.

While the company may respond directly in the earliest emergency stage, the overarching policy is that Roche take a more sustainable view of addressing the impact of a disaster. The focus therefore is on longer-term rebuilding efforts, especially in the developing world. Such an assessment is, first and foremost, again the responsibility of the proximate local affiliate management.

4.2 Science and Education Projects

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 knowledge and education as the key drivers of future success in natural and biological sciences. Emphasis is placed on enhancing public understanding of the impact and promise of cutting edge science and creating interest and awareness of future generations of scientists for the challenges and opportunities within the life sciences. In all cases, Roche consistently respects the independence and autonomy of its partners in the research and education area.

Engagements which enhance the teaching and learning of modern science, such as enabling sponsorship of the *World Library of Science* in concert with UNESCO and Nature Publishing Group, and which inspire students to the field of life science, such as founding support of the Swiss national science class competition, *Science on the Move*, are typical examples of the activities in this area.

4.3 Culture and Arts 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 long-term change as well as the pursuit of new horizons and excellence remain fundamental to the business model of Roche. Roche then supports such activities based on the conviction that 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 an ideal yet challenging reflection of the organically grown Roche Corporate Culture. With a primary commitment to sustainable cultural engagement, Roche abstains from funding of activities in popular (or mainstream) culture and entertainment including sports, in favour of niche culture programs to expose and encourage both our own employees as well as a broader public audience to a continuing intellectual challenge.

The exemplary Culture and Arts projects on a corporate level are the *Museum Tinguely*, *Roche Commissions* and *Roche Continents – Youth! Arts! Science!*

4.4 Community and Environment Projects

With a long history of good corporate citizenship, Roche support of community projects should reflect local customs and needs. Community projects 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 aim to encourage and honour individual commitment and engagement of our own employees within their local society through support of private social initiatives. The General Managers of the local Roche affiliates shall establish transparent guidelines for local philanthropic donations and activities which are non-commercial and prioritize or leverage their own employees' efforts and involvement in local community.

Collaborative projects to protect or clean local natural resources such as rivers or park spaces as well as engagement in community historic preservation initiatives are typical examples of activities in this area.

5. Roles and Decision-making

Donations by local affiliates are made for local purposes. Accordingly, affiliate giving is restricted to supporting organizations and programmes based in their own country, operating in their own country and assisting beneficiaries located in their own country.

With social responsibility as an integrated part of our business model, primary responsibility for community social engagement lies with local management within the given corporate values and priorities and the agreed budgets. In accordance with these policies, the operational roles for philanthropic donations within the corporation are specified as follows:

- **Local and national philanthropic activities only:**

General and Site managers within Divisional rules and agreed budgets, with all activities to be reported into the global Sustainability Report

- **Local humanitarian appeals in the event of an emergency or disaster:**

Review and action recommended by local management in close contact with respective local authorities and Corporate Donations and Philanthropy. All related responses and other activities by affiliates must be in concert with Corporate Donations and Philanthropy.

- **Projects involving major resources, more than one country, both Divisions and/or international organisations:**

Considered at the respective country level and Division or directly to Corporate Donations and Philanthropy, for ultimate joint review and coordination on a Group level

- **Affiliate and Employee international interests and 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 vehicle to further the shared interests of supporting

sustainability, innovation and long-term effectiveness. With the three established funding areas of catastrophic damage, critical humanitarian needs and the impact on vulnerable children of devastating health issues such as HIV/AIDS (via the Roche Children's Walk), funding through Re&Act will focus on humanitarian support and rebuilding projects. Affiliates and groups of employees can contact Corporate Donations and Philanthropy to request information or assistance in acting through Re&Act and on Re&Act projects, as appropriate. For more information on Re&Act, please see <http://www.react.roche.com>.

6. Checklist for the evaluation of requests and proposals

Each prospect for donation is evaluated case by case. Some general guidelines include:

§ Roche prefers to support projects with the following characteristics:

- Innovative projects contributing to distinctive and sustainable improvements in our four priority funding areas
- Roche involvement makes a real difference
- Roche is actively engaged in the development of the project at an early stage and not solely as a source of funds
- Roche can contribute with knowledge, expertise and logistics rather than simply with cash
- Projects that are driven by locally established organisations with endorsement from the local authorities
- Projects for which a mutually recognized exit plan for Roche support, based on timetables and deliverables, is established

§ Roche does not respond to:

- Illegal or unethical proposals
- Mass mailings, 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 mainstream entertainment events such as sports or popular music concerts

- Humanitarian or social projects driven solely by individuals and/or not supported by the local authorities
- Indirect support of aid or service programmes through fund raising events and/or charity conduits
- Image campaigns for causes or charities
- Replacement of public funding and public or government responsibility
- Projects in a final stage with no opportunity to apply Roche know-how

7. Procedures

Proposals for donations and sponsoring requests should be sent directly to the local management (i.e., GM's office, Donations and Sponsorship or Communications Department)

- § Requests for scientific grants should be addressed to the respective Roche Research organisation, if applicable
- § Corporate Donations and Philanthropy deals with cross-divisional and cross-national projects, international organisations as well as with all Swiss projects beyond Basel. Local requests are handled on a local level only.
- § Roche responds only to requests and proposals with adequate documentation including verification of the organization's appropriate charitable legal status, an overview of the organization, a full project description with detailed budget and a hand signed letter or email.

8. Reporting and Oversight

Supported by a group-wide reporting (see Group Reporting Manual, GRM section 9.2.2), Corporate Donations and Philanthropy, the Corporate Sustainability Committee, the Corporate Executive Committee and the Board of Directors' Corporate Governance and Sustainability Committee will oversee Roche's philanthropic activities and their compliance with Roche's Corporate Principles and this policy.

Approved by the Corporate Executive Committee on April 17, 2013
