

Innovation and Sustainability: An integrated approach

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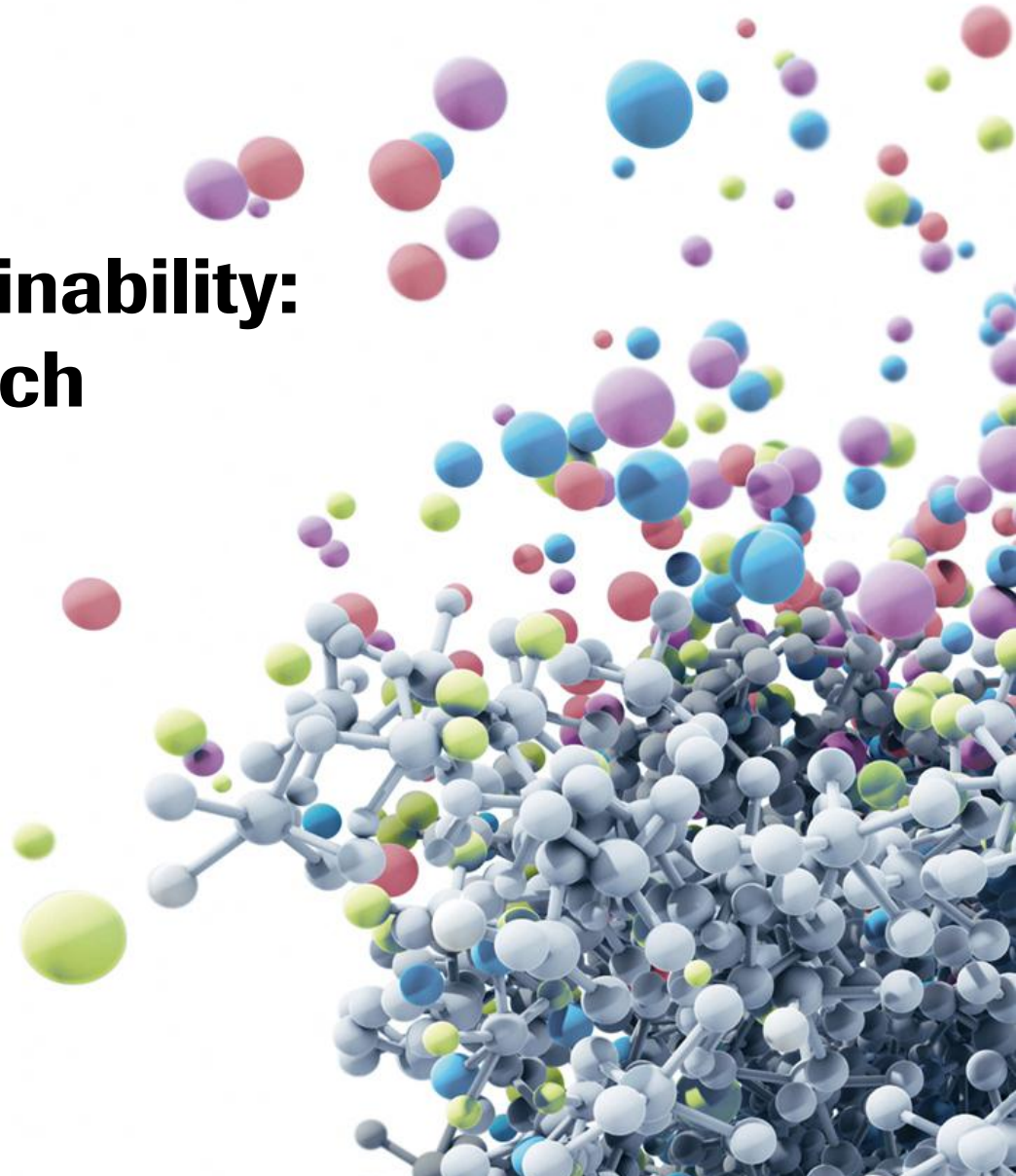
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Swiss Sustainability Leaders

SRI Conference

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Roche... *in a nutshell*



Highlights

- Founded **1896** in Basel, Switzerland
- Employing **82,000 people** in **150 countries**
- Sales 2012: **45.5bn Swiss Francs**

Leader in research-focused healthcare

- World's **largest biotech** company (position #1)*
 - **World leader in cancer** & transplantation
 - **World Leader** in *in vitro* **diagnostics**
- Unique **innovation** model
- Combined strengths in **Pharmaceuticals & Diagnostics**

Challenges and our strategy

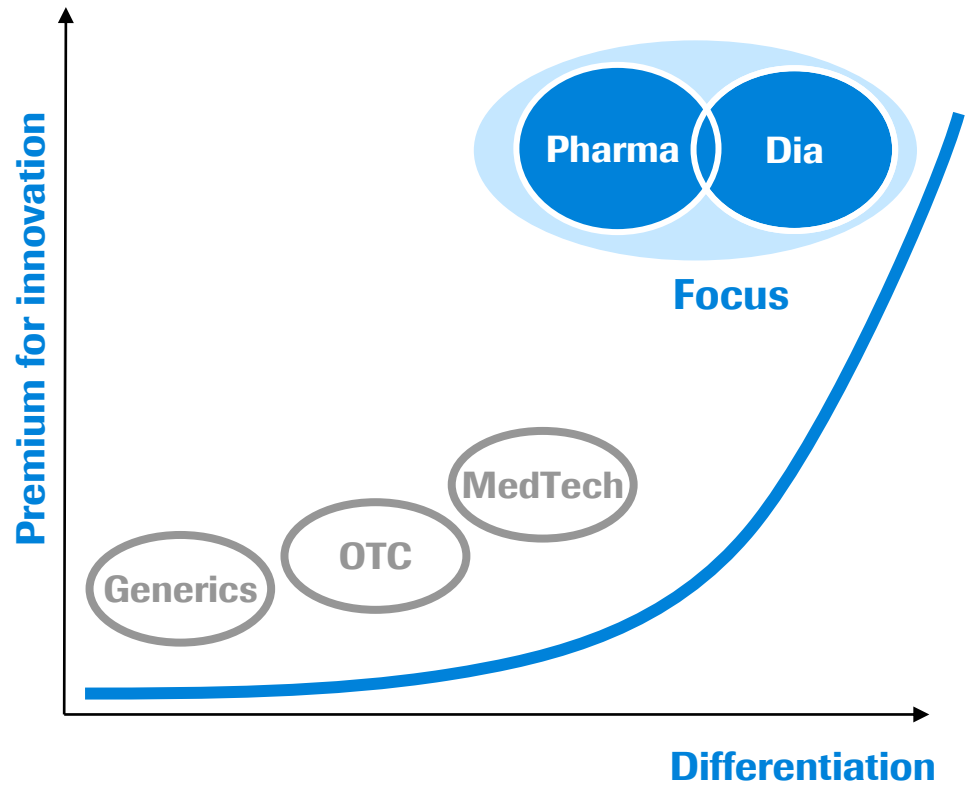
Innovation + Sustainability

Access to healthcare

Summary



Roche strategy: Focused on medically differentiated therapies



Regulators:

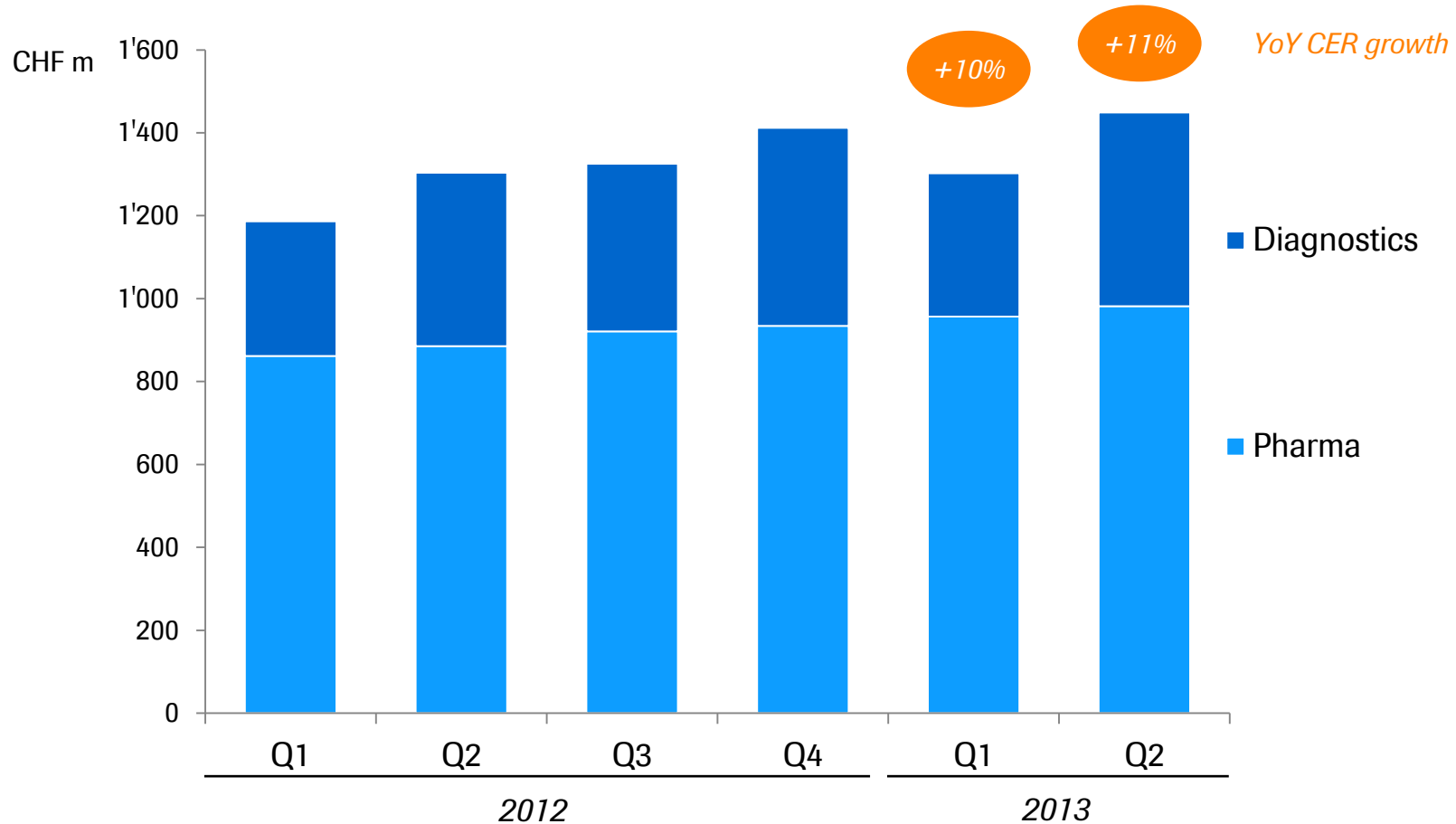
Optimised benefit / risk ratio

Payors:

Optimised benefit / cost ratio

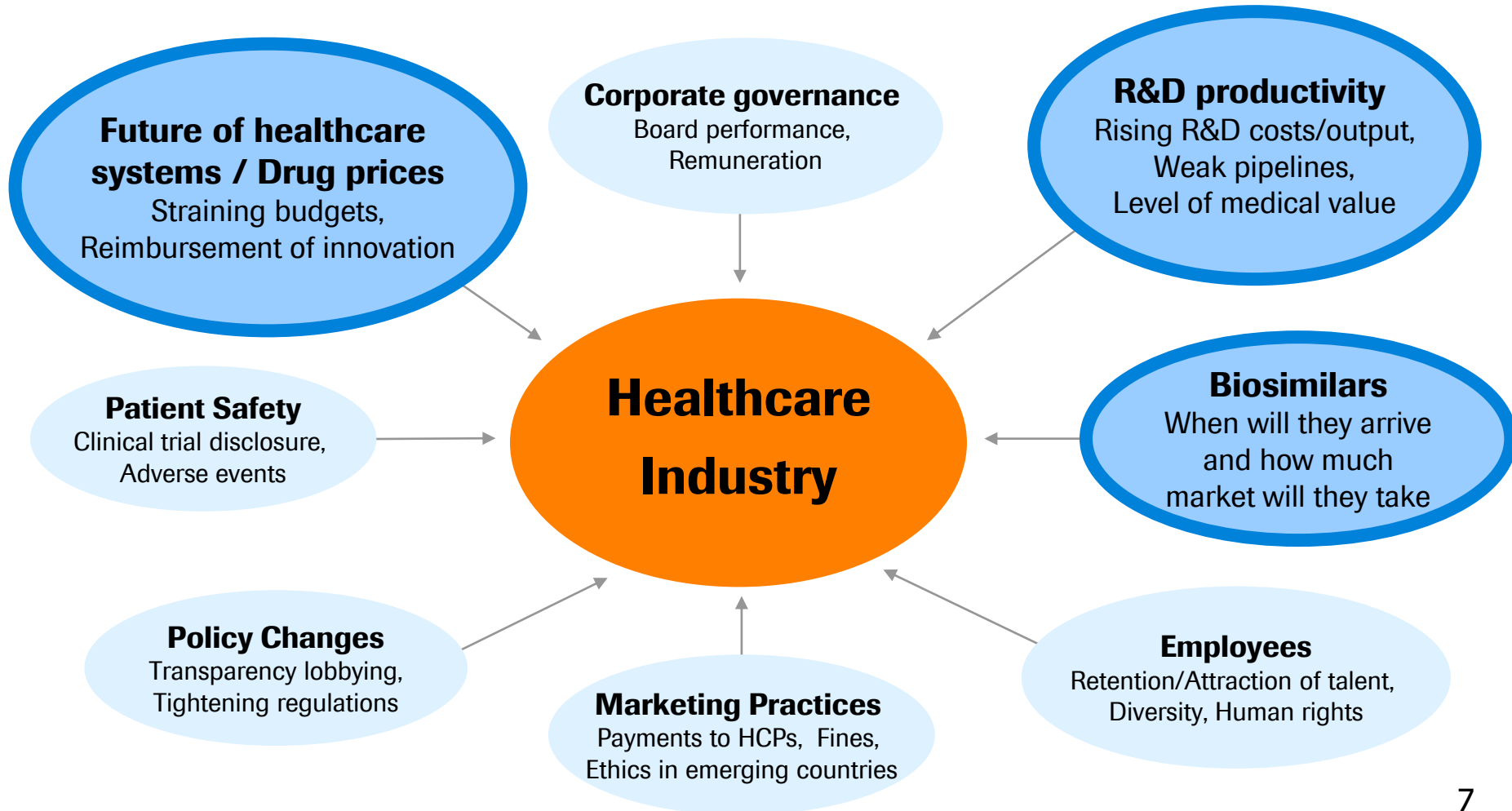
Sustainable growth in major emerging markets

E7 countries

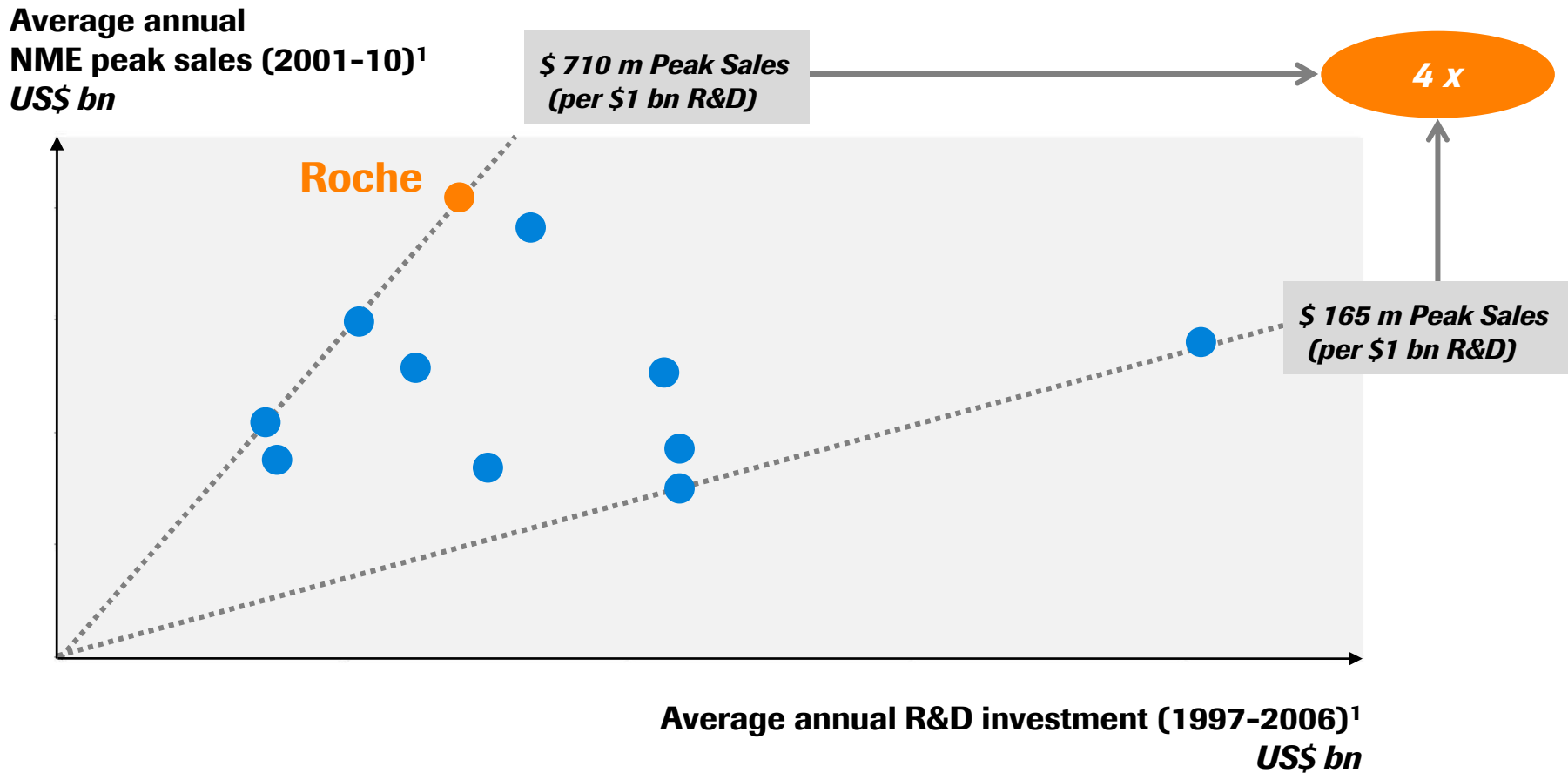


Key business issues

Sustainable pricing, R&D productivity, Biosimilars

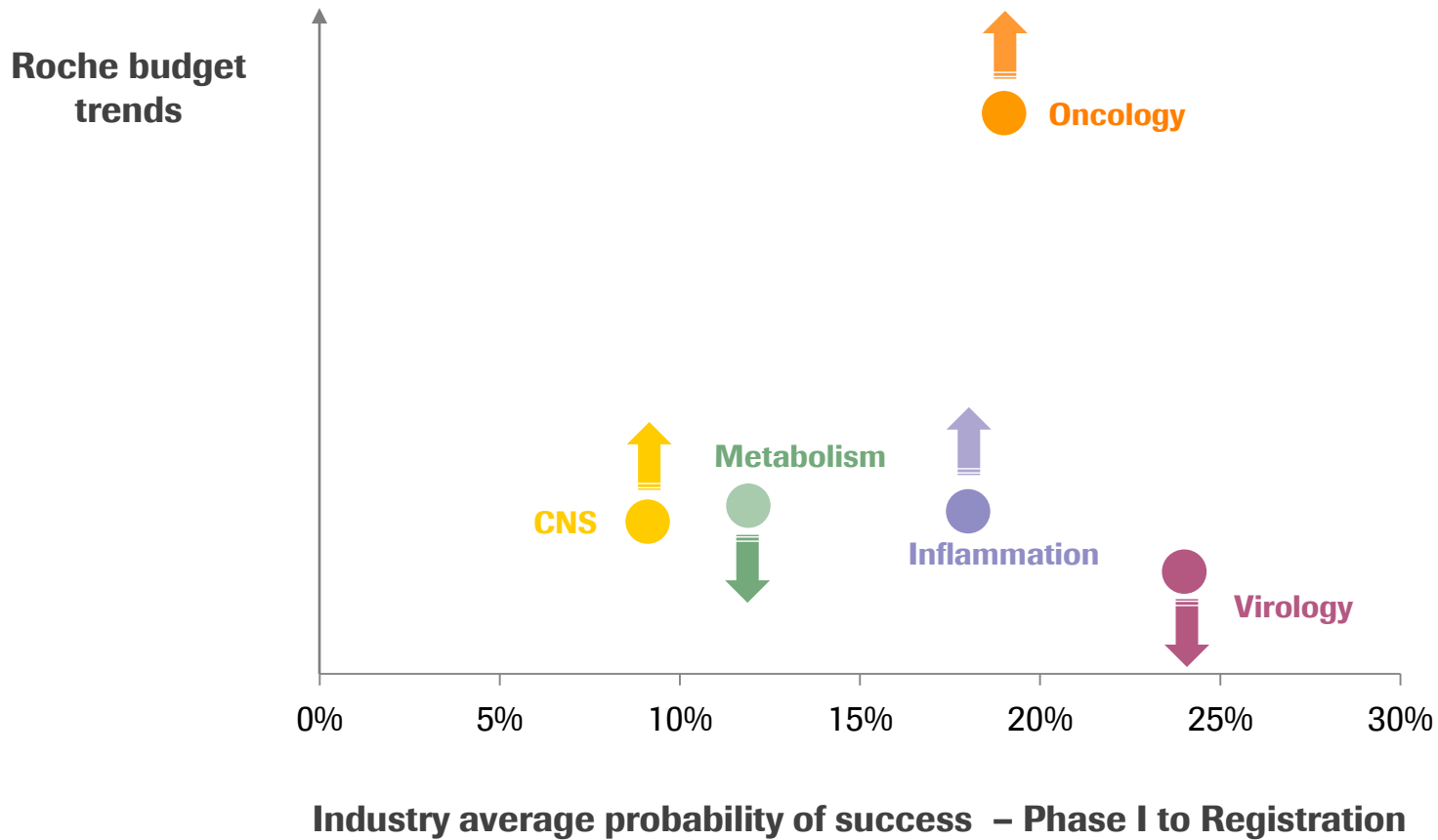


R&D productivity differs substantially among players

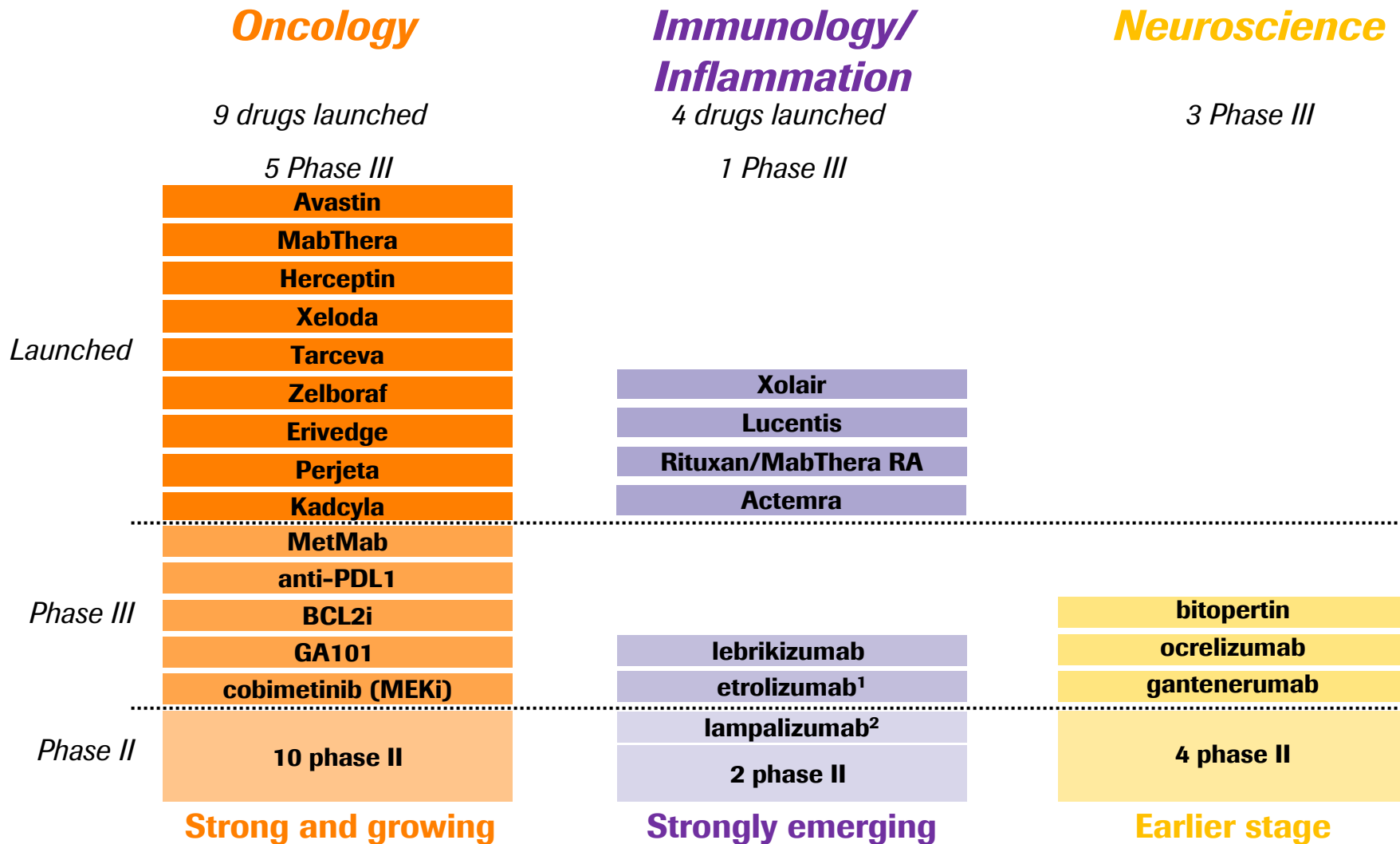


¹ Peak sales and R&D calculated pro forma to account for major M&A
 Source: EvaluatePharma; BCG analysis; Roche analysis

Roche: R&D well balanced from a risk & disease point of view



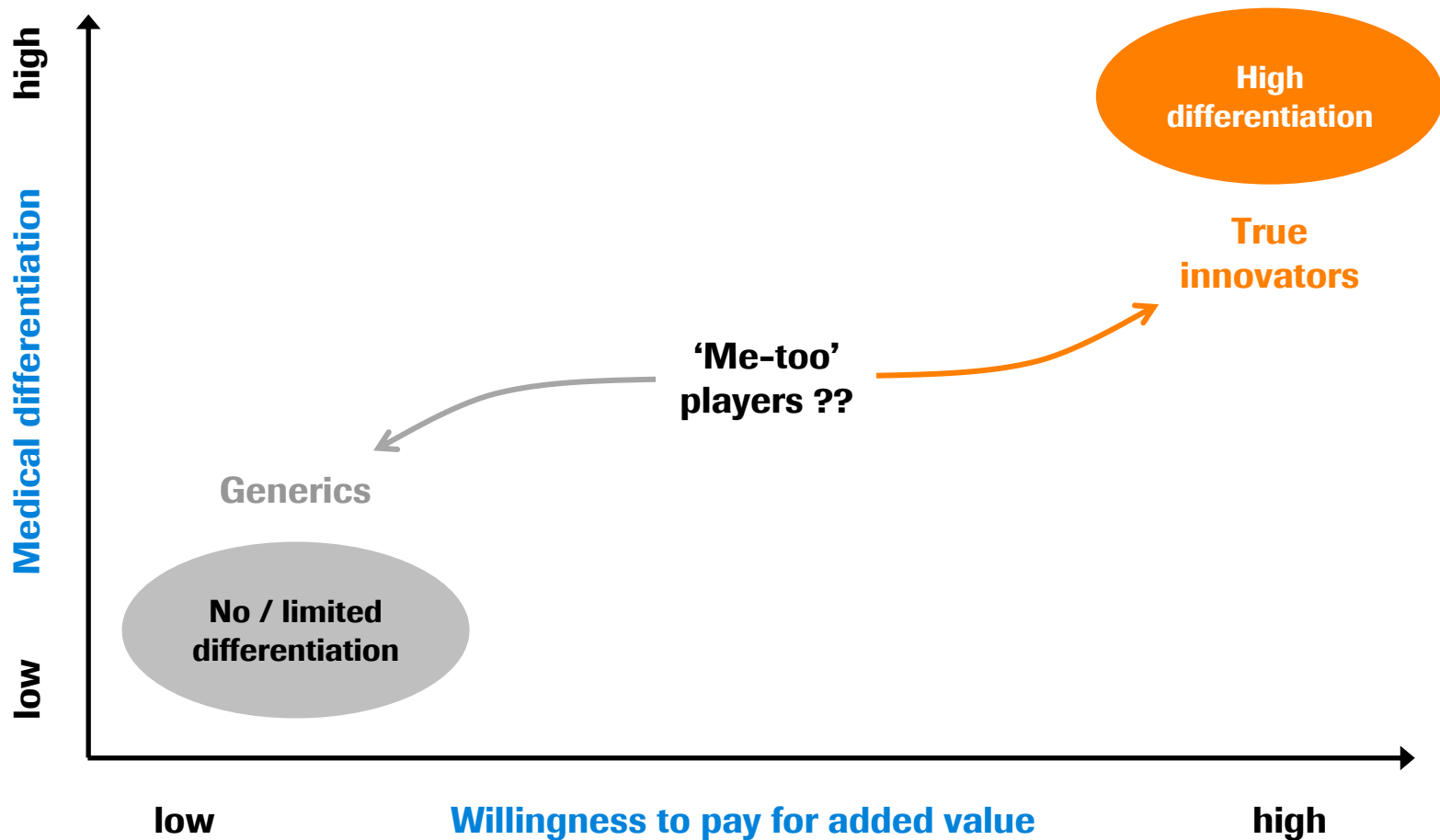
Following where science leads



¹ FPI expected 1H 2014; ² Phase III decision pending

Implications of R&D productivity challenge

Segregation will continue as only true innovation will be rewarded



Challenges and our strategy

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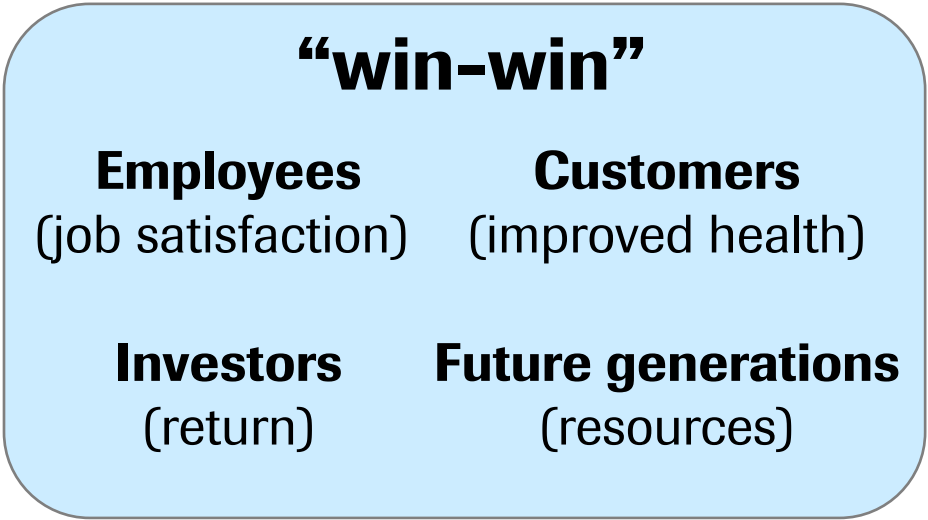


Underpins our strategy

- Long-term focus
- Add value
- Minimal impact



“We believe that good business means a better world. We do this today to build a better tomorrow.”



Innovation + Sustainability

Managing the business to create long-term value

Core Business

- R&D (innovation capacities)
- Product quality & Patient safety
- Access (reimbursement, value)



Social Responsibility

- Donations and philanthropy
- Community involvement



Employee Responsibility

- Responsible and attractive employer

Responsible Practices

- Corporate Governance
- Customer relationship management












Environmental Responsibility

- Environmental management

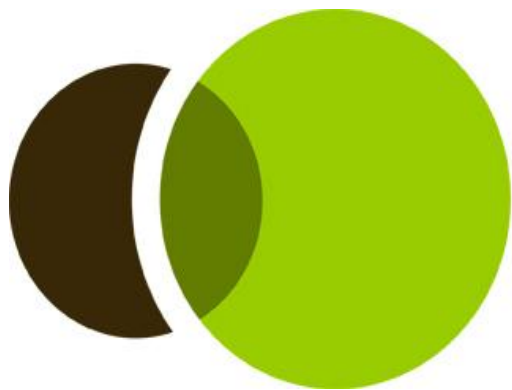
Innovation + Sustainability = Remuneration

Integrated into 5-yr Corporate Goals

Business Results		Helping patients through excellent science		Great Place to Work	
<i>Goal End 2014</i>	<i>Status</i>	<i>Goal End 2014</i>	<i>Status</i>	<i>Goal End 2014</i>	<i>Status</i>
Group (TSR)		Late stage assets Transitioned / Launched		Employees	
Pharma		Assets with Personalised Healthcare		Employee engagement	
Diagnostics				Females in key positions	
				Sustainability	
				External ratings / Indexes	
				Energy reduction	

**Roche: Group leader in the pharmaceutical,
biotech, life science industry**

Fifth consecutive year



ROBECOSAM
Sustainability Award
Sector Leader 2013

**Reinforces commitment to creating long-term value
for all stakeholders**

Challenges and our strategy

Innovation + Sustainability

Access to healthcare

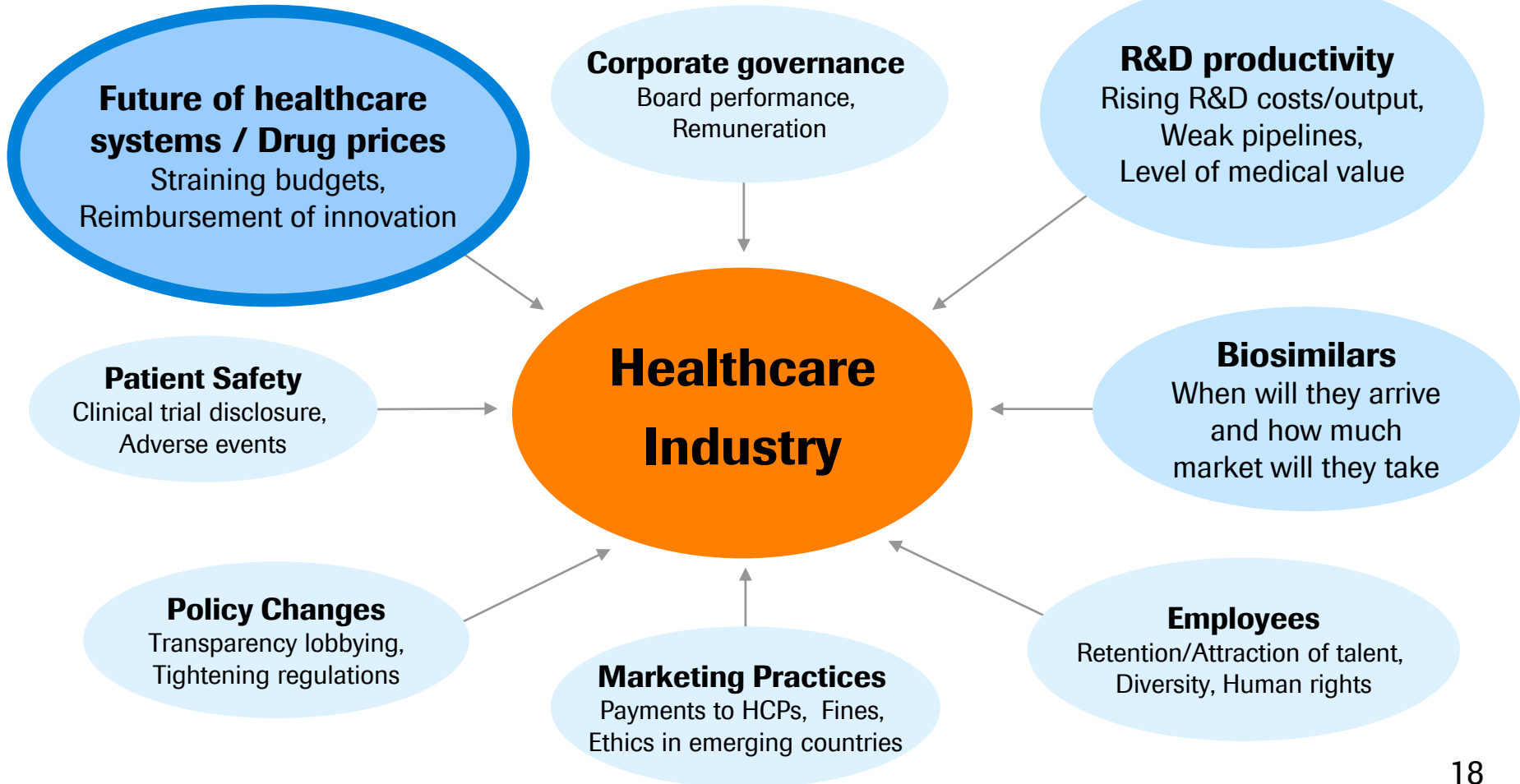
Summary



Key business issues

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ACCESS



Access to 'quality' healthcare is a global challenge

Increasing engagement by stakeholders

Regulators

Higher hurdles for approval

- *Efficacy (clinical endpoints)*
- *Safety ('zero' tolerance)*



Payors

Clear evidence of value

- *Funding capacity (innovation)*
- *Real world effectiveness ('health outcomes')*

Healthcare professionals

Health management complexity

- *Personalised healthcare (diagnostics)*
- *Combination therapies (treatment algorithms)*

Patients

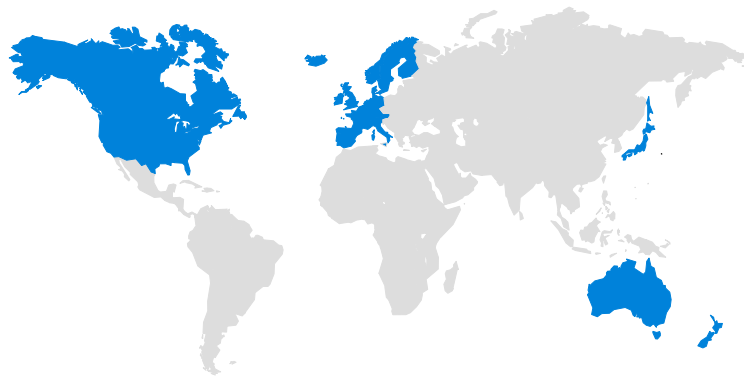
Increasing role in their health

- *Technology (social media, patient forums)*
- *Behavioural change (prevention, adherence)*

Roche and Access to Healthcare

Tailored solutions for each individual market

Established Markets



Emerging Markets



Value based pricing

Differential pricing

General access and healthcare coverage

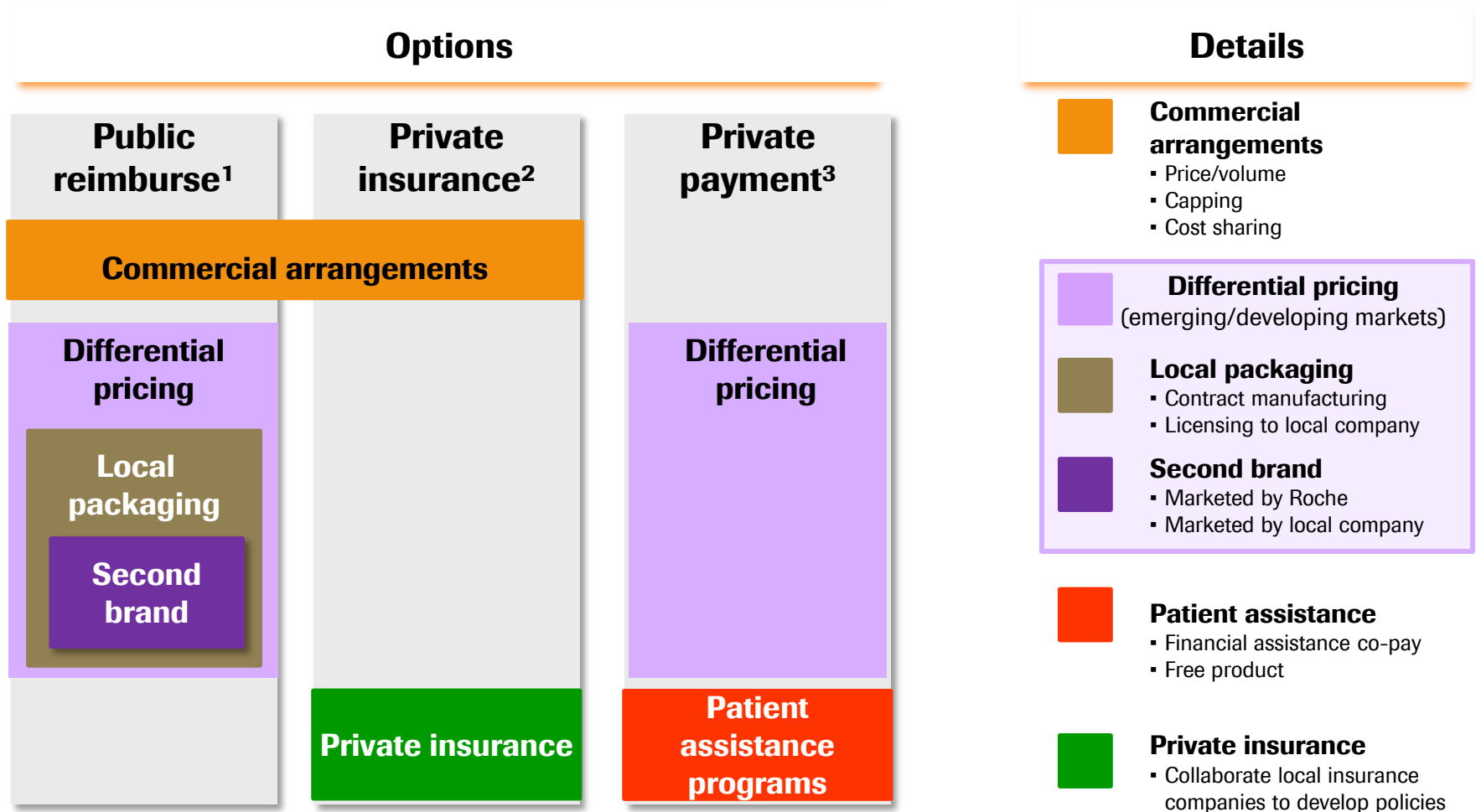
- Negotiate prices for new medicines

Limited healthcare coverage and/or infrastructure

- Enable access to public funding
- Healthcare systems support

Helping improve healthcare coverage

Toolkit of options to address affordability



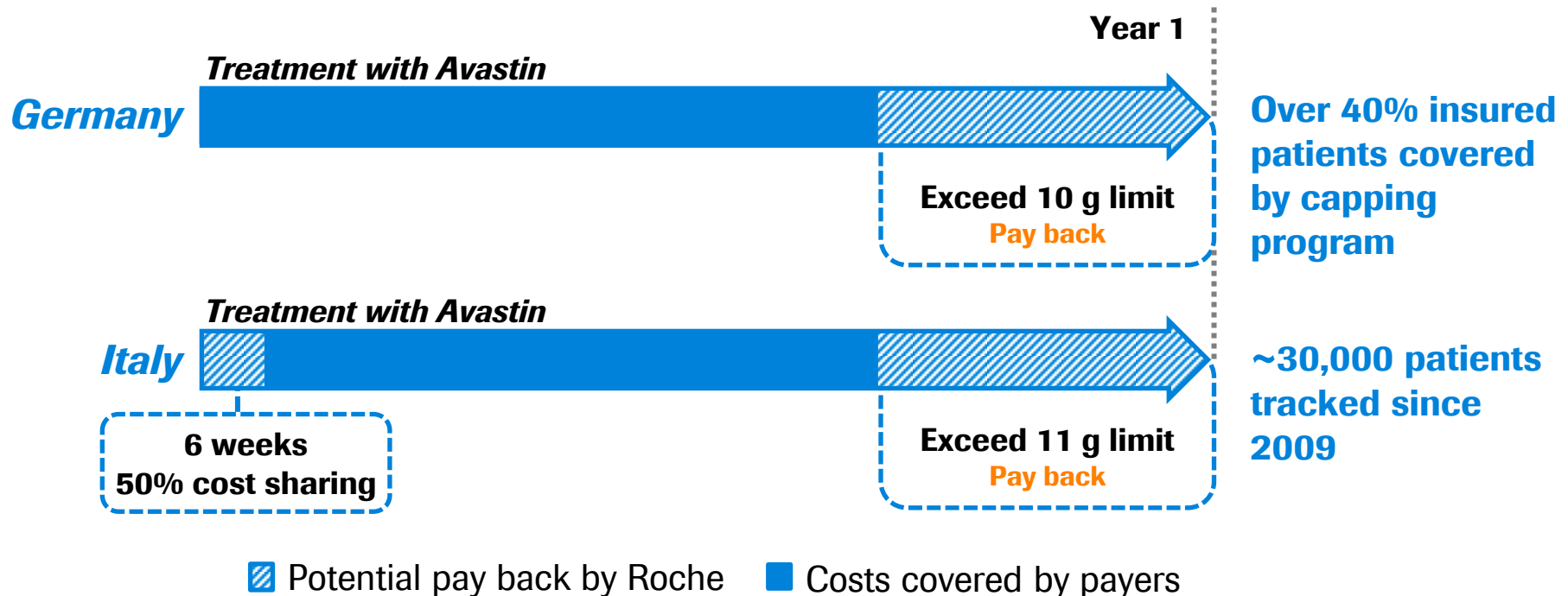
1. Public Reimbursement: Statutory Health Insurance, Sick Funds, Primary Care Trust, Ministry of Health, Military institutions, etc ..

2. Private Insurance: Voluntary health insurance, Employer insurance

3. Private Payment: Out-of-Pocket , Co-Payments

Europe: Capping programs for Avastin treatment

Colorectal, breast and ovarian cancer



Addresses challenges with dosages across indications, weight and duration of treatment

China: Patient assistance program for Herceptin

Improving awareness, testing & treatment access

Challenges:

- Limited reimbursement of Herceptin so patients have to pay out-of-pocket

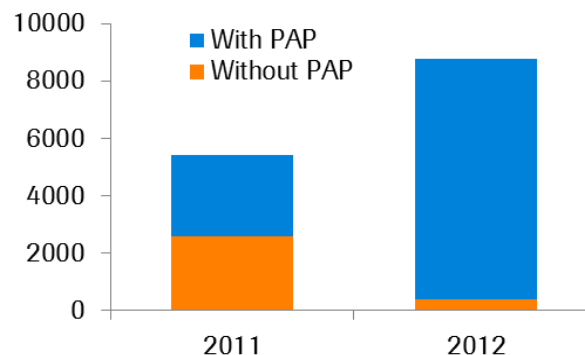
Our approach:

- Patient assistance program (PAP) with Cancer Foundation of China to address affordability
- Programs to increase disease awareness and improve HER2 testing

Results:

- Before program <15% of people received Herceptin
- PAP has doubled number of people receiving Herceptin
- Herceptin reimbursed in first city (Mar '13)

Patients on Herceptin



Delivery of quality healthcare is complex

Requires a joint, holistic, SUSTAINABLE approach



Challenges and our strategy

Innovation + Sustainability

Access to healthcare

Summary



Summary: Focus on sustainable strategy through innovation and growth

1

Strategic focus on innovation and driving Personalised Healthcare

2

Growth facilitated by tailored access models

3

Leading product pipeline providing value for the future

Doing now what patients need next