

Roche Position¹ on Respecting Human Rights

Background

The debate concerning the responsibilities of business in relation to human rights surfaced prominently in the 1990s and has remained in the headlines. At that time oil, gas, and mining companies in particular proceeded to expand into challenging areas. Later, consumer goods sectors like clothing, fashion, luxury goods etc. also expanded and soon began to draw public attention to the poor working conditions in their global supply chains. At present, virtually all business sectors are concerned, including healthcare. In response to these developments, Harvard Professor John Ruggie developed a framework which consists of three pillars “**Protect, Respect, Remedy**”. To “protect” is the duty of the states, to “respect” is the corporate responsibility of businesses and “remedy” is both a shared duty of states and corporations to maintain grievance mechanisms. The “**Ruggie Framework**” was approved by the UN Human Rights Council in 2011 by adopting the **UN Guiding Principles on Business and Human Rights (UNGPs)** and has received wide support from politicians, business and society. As a result, countries have issued a National Action Plan in order to nationally implement the UNGPs. In 2015, the UN issued the **Sustainability Development Goals (SDGs)**, which are closely linked to the Human Rights.

Stakeholders’ Expectations and Concerns

A variety of stakeholders, such as NGOs, Social Responsible Investors, Corporate Responsibility Rating agencies, employees and the public at large, are concerned about the protection of human rights, especially in countries with immature public institutions or where the law is either weak or not properly enforced. The public will not accept that businesses’ profits are enabled by violations of fundamental human rights. Rather, the expectations are that businesses will maintain and apply the same high standards across the board, wherever they operate. Multinational companies are expected to assume a duty to engage in careful due diligence on actual and potential business partners and to ask these to do the same with their own business partners in order to create transparency throughout the whole supply chain. In addition, businesses are expected to become pro-active and make an active contribution to improve the situation, before the implementation of legal frameworks and beyond their legal boundaries. In the sphere of human rights, this would crystallize into three dimensions: (i) doing no harm, (ii) making an impactful contribution and (iii) looking at the sphere of influence.

¹ Pertains to SDG 16

Doing no harm

Businesses are expected to have adequate measures (policies, processes, monitoring and transparent reporting systems) in place to protect human rights within their own operations as well as in the interaction with business partners.

Making an impactful contribution

Businesses are expected to become pro-active and make voluntary contributions to the protection and fostering of human rights, which go beyond legal boundaries and compliance regulations.

Looking at the sphere of influence

The concept of the sphere of influence was introduced in the context of the 10 principles of the UN Global Compact and has been widely used and referenced ever since.

The Ruggie Framework reflects these expectations and perceptions. It has created principles, which go beyond a pure compliance exercise or the definition of a rule-based level playing field. Instead, it creates an open system, which drives an active and continuous improvement.

Roche Position

Human Rights ensure that people have a right to be treated with dignity. By applying the principle of “knowing and showing” Roche is committed to avoid adverse impacts on human rights by focusing on the perspective of the rights holder. While assessing the impact on the people, we strive to avoid negative impacts on Human Rights regardless whether they were directly caused, contributed or are linked to our business. Roche fully supports and implements the “*Protect, Respect, Remedy*” approach with regards to human rights as stipulated by the Ruggie Framework. Roche is equally committed to support the UN Sustainability Development Goals (SDGs) within the sphere of our business strategy, the 10 UN Global Compact Principles, the Universal Declaration of Human Rights and the fundamental Labour Rights as stipulated by the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. Ideally, the Ruggie Framework will deliver a “safe harbour” for businesses to operate in. Roche prefers such an open approach, which will deliver continuous improvement over a normative approach. Roche aims at establishing and maintaining best practice at the policy level, in management approaches, as well as in implementing the corporate responsibilities of “Remedy”.

Specifically, Roche addresses the following approach:

Policy

We support and respect human rights as an integral part of our corporate strategy. This commitment is reflected in our Roche Group Code of Conduct, Supplier Code of Conduct, the Roche Employment Policy and the Roche Policy on Safety, Security, Health and Environmental Protection, all being embedded throughout the Roche Group.

Due Diligence

Based on an impact assessment of our operations and through business relationships, we integrate findings into our internal business functions and take the appropriate action. We review and monitor progress internally and report externally, such as on our website and in our Annual Report.

In order to simplify the Due Diligence in practice, following tools have been established as results of cross-divisional collaborations:

- A checklist on Due Diligence for External Business Partners, mainly focusing on agents and distributors. It includes guidance regarding a risk assessment, including a Human Rights Assessment and Implementation Framework.
- A global guidance on adequate Due Diligence Process for Protection Human Rights. It contains guidance on how to develop and implement the Due Diligence process locally.
- IT tools to support a consistent end-to-end process, allowing the systematic and periodically repeated risk assessment (roll out ongoing).

Remediation

We maintain and improve operational-level grievance mechanisms, which we understand to encompass also a preventive function. The Chief Compliance Officer serves as a key contact person for employees, shareholders, customers, business partners and the general public on issues relating to the implementation of and compliance with our Roche Group Code of Conduct. In addition, we request appropriate remedial measures whenever we are confronted with a violation of human rights. The basics of the Roche grievance mechanisms are communicated internally and externally.

Our Engagement

Roche is fully committed to supporting and respecting human rights within its sphere of our business strategy and to ensuring that Roche is not complicit in any human rights abuses. This encompasses all internationally acknowledged human rights, such as for example labour rights, freedom of association and privacy rights. The collaboration with society organisations, government bodies and international organisations is essential to identify areas of concerns, and enables Roche have a positive impact on human rights in general. As part of our comprehensive Compliance Management System, we have adopted a policy on safety, security, health and environment of our employees. Similarly, Roche is committed to uphold the freedom of association and the effective recognition of the right of

collective bargaining, the elimination of all forms of forced and compulsory labour (including all forms of slavery), the effective abolition of child labour, and the elimination of discrimination in respect of employment. It is Roche's policy to ensure that the behavior of its employees does not discriminate anyone on the grounds of gender, age, ethnicity, national origin, religion, disability, sexual orientation, HIV/AIDS infection, citizenship or any other relevant category. We have implemented corresponding measures to ensure that we go beyond do "no harm". Externally, we request our suppliers to adhere to the Roche Supplier Code of Conduct, which also includes a strong commitment to human rights. We conduct sustainability assurance visits at our business critical suppliers with the support of external audit firms, in order to ensure that our suppliers meet our expectations for human rights and other sustainability principles. We work with our suppliers to follow up on findings from these visits. In addition, our Group Legal Department has elaborated an assurance declaration on the adequate application of Roche's Anti-Corruption Compliance Questionnaire for Business Partners which includes due diligence obligations, as well as integrity clauses addressing the respect of human rights. Our challenge is to focus our efforts where we see the biggest risks and the biggest levers for remediation and improvement.

On a global level, we are systematically identifying human rights and identify vulnerable groups, which could be negatively impacted by our businesses. The human rights issues are prioritized in order to address them properly. We maintain a system of consistent global standards, which we also apply to our business partners, for example, in areas like R&D, clinical trials, manufacturing and distribution. We established a similar process on local and regional level.

A cross-functional Human Rights Task Force was established in 2017 which developed a scalable risk algorithm and specialized audit techniques to identify and mitigate human rights risks in our supply chain. The Global Procurement organization has incorporated the Human Rights algorithm into its proprietary inherent supplier risk tool. In early 2020, Global Procurement used their inherent risk tool to assess Human Rights risks across Roche's entire supplier base. The assessment resulted in a Human Rights risk mapping and risk-based identification of suppliers for the 2020 Supplier Sustainability Assurance Visit process. As we strive for long-lasting relationship with our suppliers, we engage with them in the dialogue and elaborate mitigation plans for any identified high risks. Further, we collaborate with peers and suppliers to our industry in the Pharmaceutical Supply Chain Initiative (PSCI) to make a positive impact on Human Rights and increase supplier standards. The topic of human rights is a standard item of the Group's governing body for sustainability matters, the Corporate Sustainability Committee (CSC), with a view to execute oversight over the implementation of our approach, as well as potential improvements, in order to remain at the best practice level. Our efforts are not least recognized by the Dow Jones Sustainability Index (DJSI), which covers human rights, rights at work, and also specifically the Ruggie Framework.

We are committed to report continuously internally and externally with concrete examples on how we support the Ruggie Framework, both at the Group headquarter level as well as at the level of our affiliates.

We are convinced that stakeholders' expectations on the implementation of the UNGPs and the Ruggie Framework will continue to increase and will result in further requests on evolving topics, not yet fully identified. It is therefore critical for Roche's success going forward, to identify these trends early on, assess them and develop adequate positions, answers and solutions. For issues deemed material, Roche will continue to engage and support the development of reasonable and balanced approaches.

More information

https://www.roche.com/sustainability/approach/human_rights.htm

http://www.roche.com/sustainability/what_we_do/for_employees/human_rights.htm

<https://www.roche.com/sustainability/suppliers.htm>

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This Position was elaborated by the Corporate Sustainability Committee and adopted by the Corporate Executive Committee on December 2012.

It was reviewed in April 2020.