

Roche Position on Pricing

Background

At Roche, we develop innovative medicines and diagnostics that help patients live longer, better lives. However, we know that these ground-breaking advances in healthcare are only meaningful when they reach the people who need them.

We also understand that healthcare systems are faced with rising costs and increased demands on already strained finances. This drives our commitment to work with all partners in the healthcare system to find solutions that will be sustainable for patients, governments, payers and for our business. Enabling us to continue to invest in vital innovation, as well as ensuring that our pricing is fair and that those who need our innovation have access to it.

Our approach to fair pricing

At Roche, we subscribe to the World Health Organization's definition of a 'fair price'; 'One that is affordable for health systems and patients and, at the same time, provides sufficient market incentive for industry to invest in innovation and the production of medicines'. This underpins our value-based pricing strategy.

A value-based approach ensures the prices of our medicines reflect the benefits they deliver to patients, their families, the healthcare systems and society as a whole. It also allows for appropriate financial incentives to continue investing into highly complex and risky areas of drug development. Through value-based pricing, Roche is also able to create tailored pricing models for healthcare systems such as financial and outcomes-based agreements.

Importantly, we also recognise that there are differing healthcare needs and affordability challenges in countries with limited resources; as well as in wealthier countries, where many people still do not have access to enough public health coverage or to private insurance. To address these challenges, we apply International Differential Pricing, which provides a framework for aligning prices to a country's GDP, as well as to the UN's Human Development Index and public healthcare investment. To achieve this, we work closely with payers and governments all over the world to develop flexible and tailored pricing solutions, as well as patient support programmes to mitigate financial uncertainty and support those who have to pay for treatment themselves.

In summary, by applying a value-based pricing approach and adjusting our prices to reflect a country's relative income, we can provide a fair price, which is affordable for healthcare systems and

patients, and generates the right market incentives to invest in high-risk research. Our approach is a balance between ensuring as many patients as possible can access today's innovation whilst safeguarding our ability to deliver innovation for the patients of tomorrow.

This updated position paper was proposed by the Corporate Sustainability Committee and adopted by the Corporate Executive Committee on June 19, 2013 and entered into force the same day.

It was reviewed in April 2020.