

Roche (Australia) Modern Slavery Statement

Introduction

This statement has been published in accordance with the *Modern Slavery Act 2018* (Cth). It provides an update on the progress that Roche Products Pty Limited and Roche Diagnostics Australia Pty Limited (collectively known as Roche Australia) have made during the financial year ending 31 December 2020, and will continue to make, to prevent Modern Slavery in its businesses and supply chains. Unless otherwise specified, all references to Roche herein are references to both Roche Australia and Roche globally.

Introduction to Roche

F Hoffmann-La Roche Limited was founded in Switzerland in 1896 and has had a presence in Australia for more than 60 years. Headquartered in Basel, Switzerland, Roche now operates in over 100 countries with over 94,000 staff around the world.

Roche plays a significant role in not only driving medical advancement but also in offering a broad and innovative portfolio of products to patients, physicians, researchers, hospitals and laboratories.

At Roche we are committed to meeting high ethical standards and complying with all applicable local, national and international laws wherever we do business. Ethical behaviour in business is essential to creating and maintaining a healthy and just environment for all. For that reason, we maintain rigorous internal processes to ensure that our staff adhere to the laws, regulations and industry codes of conduct that support good business practices.



Roche researches areas of greatest unmet need. We aim for our medicines to be either 1st or best in class

Modern Slavery Act 2018 (Cth)

Roche fully endorses the *Modern Slavery Act 2018* (Cth) (the Act) and supports the abolition of human trafficking, slavery, servitude, forced labour, forced marriage, child labour, deceptive recruiting and debt bondage. Roche acknowledges the importance of companies working together to tackle such issues in our society and around the world. Roche condemns all forms of Modern Slavery. Staff and business partners are requested to speak up and report incidents if they believe that someone has done, is doing, or may be about to do something that violates this principle.

Group policies and contractual controls

Roche supports and respects human rights and has implemented the “Protect, Respect, Remedy” approach from the UN Human Rights Council’s Ruggie Framework. We are equally committed to complying with the 10 UN Global Compact Principles; the Universal Declaration of Human Rights; and the Fundamental Labour Rights stipulated by the International Labour Organisation’s Declaration on



Fundamental Principles and Rights at Work. This commitment is embodied in our Roche Group Code of Conduct, Roche Corporate Principles, Roche Group Employment Policy, Roche Supplier Code of Conduct as well as in our Roche Position on Respecting Human Rights. Roche requires its business partners to comply with all applicable laws, regulations and industry codes and our contractual terms have included an express obligation for suppliers to comply with anti-slavery laws since 2018.

All transactions by Roche with third parties are made on the basis of quality, availability, service, suitability, sustainability and integrity. Roche remains committed to these principles and requires its suppliers to acknowledge and adhere to the principles embodied in its Supplier Code of Conduct. The Roche Supplier Code of Conduct comprises the principles of the Pharmaceutical Supply Chain Initiative (PSCI):

- **Ethics:** Suppliers must conduct their business in an ethical manner and act with integrity.
- **Labour:** Suppliers must be committed to uphold the human rights of workers and to treat them with dignity and respect.
- **Health and Safety:** Suppliers must provide a safe and healthy working environment, including for any company-provided living quarters.
- **Environment:** Suppliers must operate in an environmentally responsible and efficient manner, and they must minimise adverse impacts on the environment.
- **Management Systems:** Suppliers must use management systems to facilitate continual improvement and compliance with the expectations of these principles.

Roche also has nominated Compliance Officers based in each country to address issues relating to the implementation of, and compliance with, the Roche Group Code of Conduct.

Mandatory Reporting Criteria

1. Who is the reporting entity?

The Statement relates to the following entities:

Roche Products Pty Limited
ABN 70 000 132 865
 Level 8, 30-34 Hickson Road Sydney NSW 2000

Roche Diagnostics Australia Pty Limited
ABN 29 003 001 205
 2 Julius Avenue, North Ryde NSW 2113

2. What are its structures, operations and supply chains?

Each Roche Australia entity is a proprietary limited company registered under the Corporations Act 2001 (Cth).

They are the Australian sales affiliates of a global group of companies whose function is to import, distribute and sell the group's medicines, assays, diagnostic equipment, and other health care products to customers in the Australian healthcare market. These products are acquired from other Roche group companies offshore and selected third-party suppliers, and imported into Australia by each Australian affiliate (*Fig. 1*).

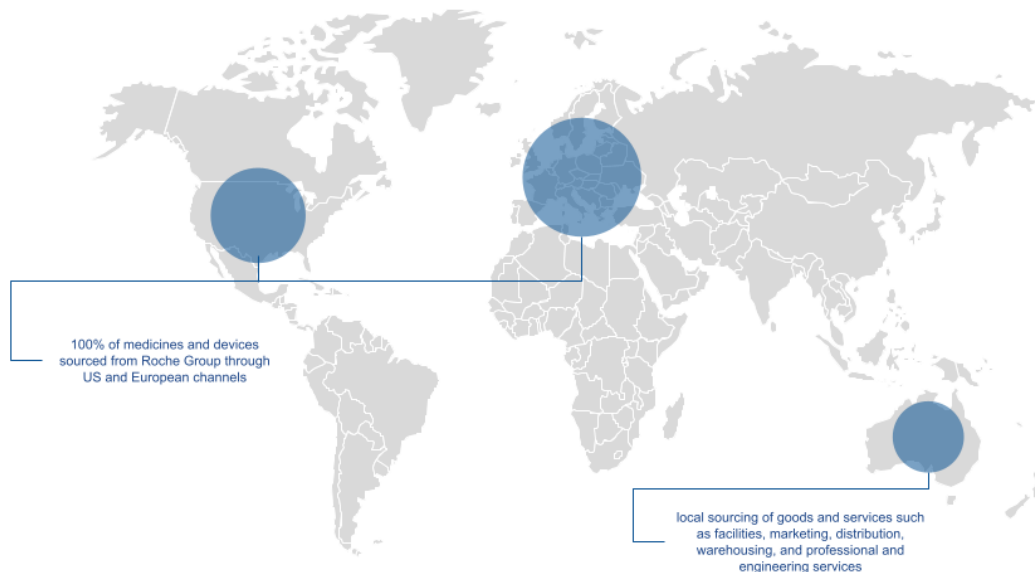


Figure 1: supply of medicine and devices for Roche Australia entities

Other suppliers support this primary activity through the provision of local goods and services such as facilities support, distribution and warehousing, marketing, and specialised professional services. A small proportion of diagnostics products are acquired locally.

3. What are the risks of Modern Slavery practices in the operations and supply chains?

In mapping risk for each part of the supply chain, Roche considers how it could directly cause or contribute to Modern Slavery or be directly linked to Modern Slavery through the actions of a third party in its supply chain.

Risk of causing or contributing to modern slavery practices

The risk of Roche's operations causing or contributing to modern slavery practices is assessed as low.

As far as causing modern slavery practices is concerned, Roche strives to comply fully with the letter of all workplace and industrial relations laws, regulations and awards with regard to all employees and contractors on its staff. Roche operates in a very competitive environment for recruitment, and offers generous terms and conditions to staff in order to position itself as an employer of choice in the industry.

In terms of contributing to modern slavery practices, Roche's criteria for selecting business partners is not based primarily on cost criteria, but rather on cultural fit, reputation and quality considerations. The protection, and indeed enhancement of Roche's own global reputation for integrity, innovation, reliability and quality is front of mind in all projects where business partners are involved. Roche's approach to managing these important relationships is to work with its business partners rather than setting unrealistic cost targets and delivery timeframes for them to meet.

Risk of being directly linked to modern slavery practices

Global Supply Chain

The overall risk of Modern Slavery existing in the supply chain of the business has been assessed as low. The primary provider of goods and services is the Roche Group, a founding member of the PSCI with established processes and protocols for identifying and minimising Modern Slavery risk within the supply chain.

Local Supply Chain

With no local manufacturing operations and the majority of products sourced from Roche Group, the risk of Modern Slavery within the product supply chain is considered to be low. Where risk can manifest within the direct control of the Australian business is the sourcing of products and services engaged locally. Examples include:

- Production of materials such as packaging and medical equipment sourced by third party partners in the execution of medical or distribution services.
- Services that are sourced locally including digital design and software as a service, plus specialised services such as device calibration and water purification services.
- The engagement of labour in the delivery of transport and logistics, serviced facilities, catering, event management and clinical trials.
- Internal recruitment and management of staff.

The risk is assessed taking into account the impact from both a commercial and from a community point of view. While the potential impacts are considered to be serious, the likelihood of Roche causing or contributing to modern slavery is considered to be low.

4. What have been the actions taken to assess and address the risks?

At Roche we recognise that there is a risk for us to be directly linked to Modern Slavery when we are purchasing goods and services from third parties. We continue to focus on the topic of Modern Slavery within our Australian business operations, including during our due diligence of new suppliers, ensuring that their ethics and approach to Modern Slavery is included as part of our onboarding activities.

Global Supply Chain

At a global level we have embedded Human Rights risk management into our supply chain processes (Fig.2).

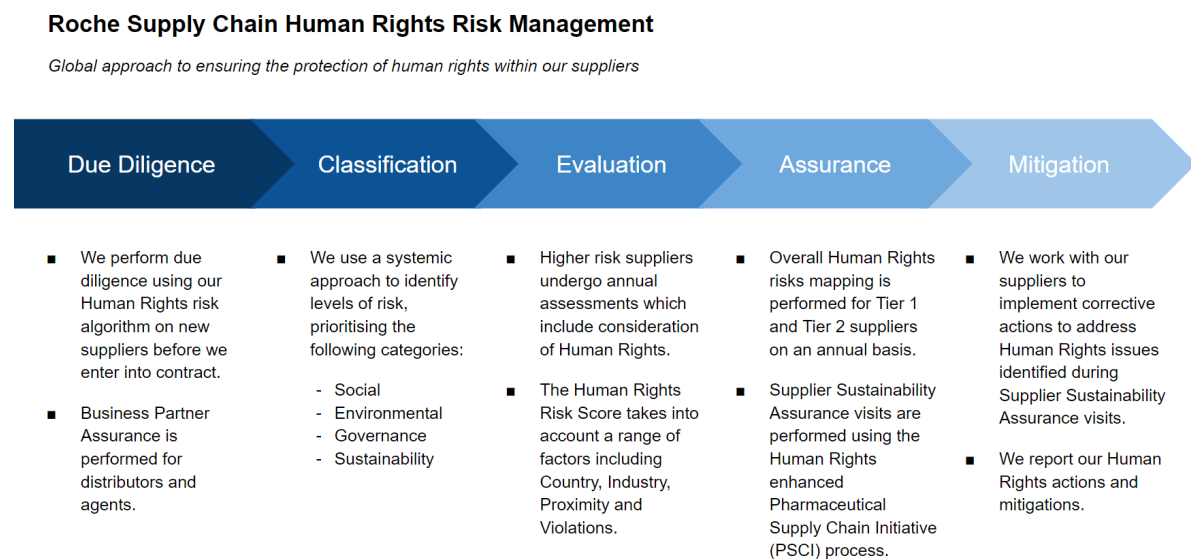


Figure 2: human rights risk in the supply chain

Local Supply Chain

While reliance can be placed on the diligence of global practices to manage the larger network, similar practices and principles have been adopted at a local level. Locally, suppliers are allocated across 15 categories with each assessed using 4 key risk indicators derived from government guidance and Roche global good practice.

This good practice includes recommendations published by the PSCI and is complemented by reporting from the World Economic Forum (WEF), the Organisation for Economic Co-operation & Development (OECD), and The Global Slavery Index.

The 4 drivers are:

- **Sector and industry risks**

Certain sectors and industries may have higher modern slavery risks because of their characteristics, products and processes.

- **Products and services risks**

Certain products and services may have higher modern slavery risks because of the way they are produced, provided or used.

- **Geographic risks**

Some countries may have higher risks of modern slavery, due to poor governance, weak rule of law, conflict, migration flows and socioeconomic factors like poverty.

- **Entity risks**

Some entities may have particular modern slavery risks because of poor governance structures, or a track record of treating workers poorly or of human rights violations.

Suppliers are mapped to an assessment matrix by category and further stratified based on utilisation levels. Further review is carried out by procurement specialists to identify higher risk individual suppliers and a corresponding response plan enacted:

- **Higher Risk:** dedicated relationship manager with oversight and validation of supplier responses.
- **Medium Risk:** oversight with periodic review and validation where appropriate.
- **Lower Risk:** annual review supported by supplier surveys and industry due diligence.

Response

In response to identified Modern Slavery risk a number of mitigating activities have been established:

a) Due Diligence and Assurance Visits

Suppliers are surveyed with regard to their businesses, their position on the Act and how they intend to eliminate Modern Slavery within their business and their own supply chains.

Depending on the responses received, suppliers are followed up through dedicated supplier relationship management activity or through assurance visits to supplier premises. All contracts with suppliers contain a commitment from the supplier to uphold anti-slavery laws, in the same way that they agree to observe anti-bribery and anti-corruption laws.

There were no significant findings resulting from our assurance activities during 2020.

b) Staff Training

Staff at Roche are trained on the Roche Code of Conduct and Roche Behaviours in Business (RoBiB) policies which cover the topic of Modern Slavery. We continue to provide targeted training to key staff around Modern Slavery, with a dedicated Modern Slavery training and education programme developed that will be rolled out across all of our business and incorporated into induction programmes for all new employees.

In addition, our local policies cover business ethics and codes of conduct as above, and links to our global business ethics incident reporting and local Australian whistleblower speak up line are publicly accessible through the Roche Australia website.

c) Supplier Relationship Management

A dedicated Supplier Relationship Management framework is in operation that provides a direct conduit for supplier engagement and discussion around Modern Slavery in the supply chain. Roche already has an established Supplier Code of Conduct which suppliers are expected to adhere to and this is overseen directly or through ongoing monitoring. Expectations are clearly set through the supplier onboarding process and refreshed at least annually through the relationship management framework.

d) Remediation Processes

Roche does not outsource accountability for compliance to its business partners.

The emphasis in its communications to its suppliers is that inaction and/or prevarication by them will be treated seriously, but that it is willing to work with them to fight Modern Slavery together and remediate any harm done (subject to its obligations to report crimes to the appropriate authorities).

Suppliers have been encouraged to raise any issues or concerns with Roche and Roche has made it clear that it is prepared to agree corrective action plans with them and support them in the implementation of those plans.

As noted above, no remediable issues relating to Modern Slavery were uncovered by our activities during the reporting period.

5. How is the effectiveness of actions proposed to be assessed?

Roche adopts a continuous improvement approach to maintain and enhance the execution and effectiveness of operational processes and procedures (Fig.3).

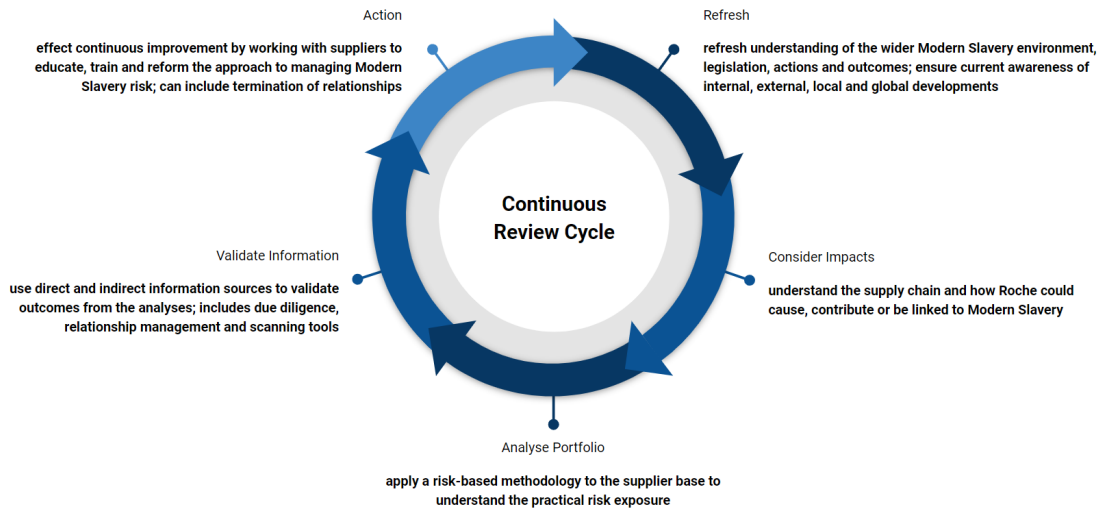


Figure 3: continuous review cycle

The completeness and ongoing execution of the activities above are monitored and reported to management throughout the year. Further oversight is maintained through dedicated category manager and supplier relationship manager models within the business. An actions register is maintained where suppliers are found to need support in improving human rights risk management practices and this register is subject to evidence-based review to ensure completion. Follow up reviews are carried out as required.

A risk management framework is maintained that includes a dedicated Modern Slavery Risk Register. This framework, along with the register, is subject to independent review at least annually, or where there is a significant event or change in operations.

6. Anything else

Group Legal Compliance and Group Risk Advisory functions operate a global cross-functional human rights risk assessment to identify and assess the potential risk of human rights violations. The latest reported results in response to this risk assessment are shown (Fig. 4):

KPI	2020	2019	2018
Number of new partnerships (7)	131	128	130
◇ in Pharma	92	78	107
◇ in Diagnostics	39	50	23
% of supplier agreements including Supplier Code of Conduct (or equivalent)	90%	na	na
Number of critical suppliers and service providers	1,095	1000	1000
% of supplier base risk assessed	100%	na	na
Number of sustainability audit conducted with suppliers	60	84	126
% of business critical suppliers audited	30%	na	na
Number of Suppliers audited through PSCI (9)	38	76	105

Figure 4: extract from the [Roche Group Annual Report 2020](#) non-financial reporting key performance indicators

Roche Group continues to work on supplier assurance with other pharmaceutical companies under the umbrella of the PSCI using an agreed industry audit protocol. Enhanced supplier selection and onboarding combined with greater supplier education is reflected in zero critical findings being reported in 2020.

Closing statement

For over 120 years, Roche has been committed to improving lives. The strategic North Star that guides Roche in all its activities is “*doing now what the patient needs next*”. That purpose does not come at the expense of human rights generally.

Approval

This Statement was approved by the principal governing bodies of each reporting entity; the respective governing bodies and approval dates are as follows:

This Statement was approved at a meeting of the Roche Products Pty Limited Governance Body on 18 May 2021 and by the Compliance & Risk Council of Roche Diagnostics Australia Pty Limited on 21 May 2021.

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