

2015–2016

WEBRANKING BY COMPREND

19th EDITION

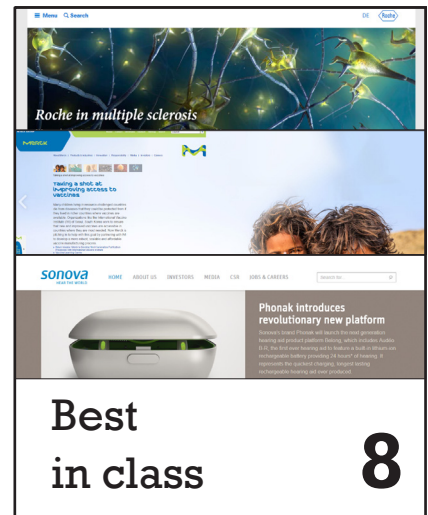
EUROPEAN HEALTHCARE SECTOR

July 2016

TRANSPARENCY STRESS TEST

In an increasingly challenging and competitive environment, this analysis investigates how well leading European healthcare firms meet the growing expectations of stakeholders in terms of transparency and dialogue through digital channels. Who is taking the lead?

Europe's leading survey of corporate websites and the only global ranking based on stakeholders' demands



Seen through the lens of Europe's 24 largest healthcare firms by market capitalisation, Webranking by Comprend evaluates a company's ability to distinguish itself in an increasingly competitive and challenging business environment. Being able to articulate the healthcare firm's position on corporate issues via digital channels translates into an ability to respond to potential crises and also generates consistent opportunities to build engagement with key stakeholders. ”

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Key Figures

Webranking by Comprend is Europe's leading survey of digital corporate communications

19th international edition

497 largest companies ranked in Europe

802 companies ranked globally

24 healthcare firms ranked in Europe

19 sectors in

22 countries

100 maximum number of points from the protocol that cover all aspects of corporate communication

460+ responses to the two Webranking by Comprend questionnaires dedicated to the financial community (Capital Market Survey) and to job seekers

For further information about the research and to order the report contact:

helena.wennergren@comprend.com

The Webranking research helps companies understand how to improve their communication to better meet the needs of stakeholders, by comparing themselves to their international peers. It is the only research which, by annually investigating the needs of different stakeholders, gives a voice to website users.

Spotlight on Europe's healthcare firms as they face the communications stress test

Based on the demands of stakeholders, Webranking works as a stress test by measuring the fundamentals of online corporate communications and digital dialogue. To measure how effectively European healthcare firms are responding to market demands, the latest edition of the research has increased the weight of "core" information, i.e. information that stakeholders consider to be most important. Our research this year reveals that the healthcare industry has not made significant progress in communicating clearly and transparently across the board.

The Webranking assessment judges companies based on stakeholder needs, which are rigorously tracked through annual surveys of the most authoritative and critical corporate audiences. This year, over 400 analysts, investors, jobseekers and business journalists have been engaged to define the assessment criteria. Their perspective matters: 4 out of 5 use corporate websites to gather information on a daily basis.

Seen through the lens of Europe's 24 largest healthcare firms by market capitalisation, the research evaluates the sector's ability to distinguish itself in an increasingly competitive and challenging environment. Aside from the overall positioning, the assessment looks at aspects that are critical for healthcare firms such as innovation management and strategy, investment proposition, corporate governance, risk management, and human capital management.

Being able to articulate the company's position on corporate issues through digital channels, and demonstrating engagement in social media, translates not only into an ability to respond to potential crises but to generate day in-day out an opportunity to build a competitive advantage with stakeholders and regain trust from a growing sceptical consumer base.

Steps toward transparency

Considering 50 points out of 100 as the threshold at which companies respond adequately to market requirements, this year 29% of companies pass the test, up from 26% in 2014. The healthcare sector increased its average by only 1 point since 2014 to total 45.3 points, making it the fourth most transparent sector in the European ranking.

Switzerland's healthcare company **Roche** tops the healthcare ranking with 60.9 points out of 100, with German firm **Merck Kgga** coming in second place with 60 points, while the Swiss firm **Sonova** is third with 59.3 points. The UK's **Shire** wins Best Improver, increasing its score by 13 points since 2014, while **Sonova** improved by 9 points.

The failure rate, those companies at the bottom of the ranking that score less than 30 points, remained at the 2014 level of 4%. Most healthcare firms (67%) achieved between 30-50 points (finding themselves in the "held back" category).

The healthcare industry is experiencing stagnant growth in its communications capabilities. While it has improved in certain areas, much more is needed to satisfy stakeholders' needs. ”

Staffan Lindgren,
Managing Partner, Comprend

More weight given to stakeholder priorities

The protocol is revised annually, and this year the protocol evolved even further – giving more weight to what stakeholders expect. It increased the weight given to core information (which is the information most highly requested by stakeholders, such as strategy, growth drivers, market position, geographical data and sustainability). In this way, Webranking becomes an important stress test regarding the effectiveness of digital corporate communications.

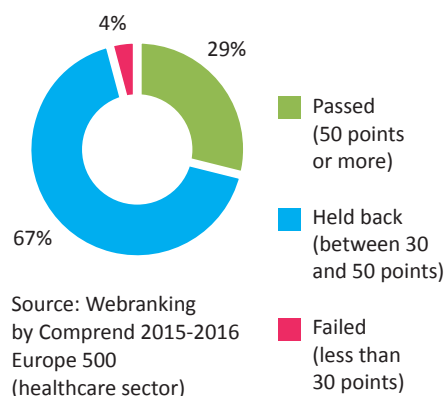
Webranking 2015-2016 Europe 500

24
European healthcare firms evaluated

+45.3
healthcare sector average

+1
improved average score since 2014

Healthcare sector performance



European healthcare firms passing the test

1. Roche	60.9	points
2. Merck Kgaa	60.0	
3. Sonova	59.3	
4. Novo Nordisk	56.6	
5. Fresenius	54.0	
6. Novozymes	52.8	
7. Novartis	51.9	
8. Shire	47.8	
9. Sanofi	46.8	
10. UCB	45.7	

For the healthcare industry, stakeholder engagement is crucial

The healthcare industry faces a variety of challenges that stretch from looming new government regulations to the issues posed by demographic changes that affect both the increase in chronic diseases and a foreseeable shortage of labour market participants. Few healthcare firms acknowledge these issues in their online communications and the majority fail to offer detailed information deemed important by stakeholders. Webranking by Comprend provides a useful perspective for observing how the industry in Europe is translating these market conditions into credible communications with the public, customers and stakeholders.

Changes in European society affecting market needs

Shifts in European demographics, consistently low economic growth, and the overall poor image of the healthcare industry, marred by a succession of scandals linked to the rigging of basic healthcare products, has put healthcare firms under increased scrutiny. For such salient issues, effective stakeholder communications are crucial for credibility.

Take the European economy, for example. Low growth and increased regulations have led to a decrease on health expenditure, blunting sales of healthcare firms. This has made growth within the healthcare sector more difficult.

While the economy is growing slowly, the population is aging quickly. An increasingly older European population has contributed to chronic diseases becoming more prevalent, resulting in an increased demand for innovative drugs.

The aging population combined with a decrease in birth rates has led to labour market shortages. Given that a strong, skilled labour force is needed for effective innovation supply, these demographic issues have a direct impact on the healthcare market.

The demand for stakeholder engagement

In order to be a credible player in the market, healthcare firms operating in these conditions must engage with key stakeholders.

- **Customers** have changing demands based on undesired side effects, price levels, and overall effectiveness of drugs and treatments. Healthcare companies must therefore communicate with customers effectively to understand the needs that drive pharmaceutical innovation.
- Maintaining current **employees and obtaining skilled labour** is necessary for effective innovation. Retaining and obtaining talent requires healthcare companies to understand the demands of employees and jobseekers.

- Healthcare companies must assure **investors** who are intrigued by the current high demand for healthcare products that they are taking the necessary steps to meet this demand. Therefore, communicating on matters related to investor relations is vital.

Healthcare industry outperforming European counterparts

The healthcare industry now ranks as the fourth most transparent sector of 22 sectors included in our Webranking European research, dropping from second place last year despite its minimal 1 point increase in overall score.

Leaders of the industry, such as **Sonova**, understand that their stakeholders now require both higher standards and increased transparency. They aim to understand their stakeholders by engaging with them through credible communications via digital channels.

Key comms areas identified within report

Identified within this report are five key areas that are critical for healthcare firms in understanding how they position themselves from a credible communications perspective in the digital landscape. From transparency on financial numbers to reporting on matters related to sustainability, the report uncovers which healthcare firms are slowly building trust through credible communications.

It is encouraging to see leading healthcare firms engaging with stakeholders on the most salient issues.

Joakim Lundquist, CEO of Lundquist and Head of Comprend in Austria, Italy and Switzerland

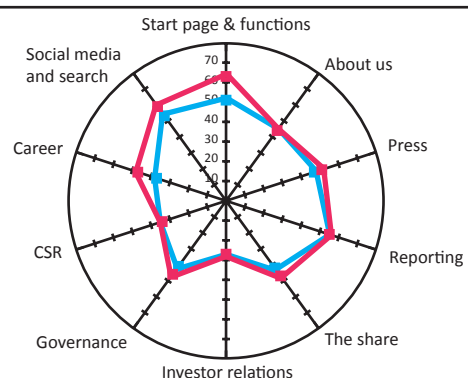


Webranking data

Healthcare sector performance by section compared with top EU500 company performance

- Average healthcare score (% of max score)
- Average EU500 companies (% of max score)

Source: Webranking by Comprend 2015-2016



A deep dive into the Webranking findings

Healthcare firms are hesitant to disclose investor relations figures, yet do slightly better when it comes to reporting on matters related to CSR.



Best in class in investor relations

- Fresenius
- Merck Kgaa
- Fresenius Medical Care

1 Digital transparency regarding IR issues remains a weak point for healthcare firms

This year, healthcare firms received 27% of the maximum score for investor relations, compared to 26.5% of European companies, a very slight improvement from last year where the number stood at 26%. No healthcare firms provide information about their financial risks and few provide information on operational risks (4%). Only 21% present their risk management routines and processes.

Investors need to know if healthcare firms are able to innovate, as this is a crucial factor for long-term growth and profitability. It is therefore encouraging that 88% of firms provide data on their different business areas, with the best companies in our ranking presenting in-depth information about their R&D and innovation processes, providing details about what's in their pipeline. Despite this, only 29% provide

information on investments and divestments on their corporate website, which is worrying given the importance investors place on such information. Furthermore, only a quarter of evaluated companies present their investor proposition on their website. Ideally, this would communicate the firm's investment case by connecting the general business strategy – provided by 92% of firms – with detailed R&D information to attract and convince potential investors.

Nonetheless, healthcare firms strongly outperform the EU in terms of presenting their group strategy. 92% of firms provide information on their overall business goals and strategy (EU avg. = 75%), 67% provide strategies for these different business goals (EU avg. = 53%), and 38% present the concrete actions they plan to take in line with their strategy (EU avg. = 24%). By providing this information transparently, companies appear more attractive to new investors and maintain credibility with existing investors.

2 Anti-corruption measures

Given increased government regulations that require healthcare companies to work closely with European governments, transparency on anti-corruption measures is crucial for building stakeholder confidence. While the percentage of healthcare companies that state that they actively work to prevent corruption increased from 52% in 2014 to 58% in 2015,

the percentage of healthcare companies that present actions taken to prevent corruption decreased from 26% in 2014 to 17% in 2015. This reveals that while claims of preventing corruption have increased, concrete evidence of doing so has decreased. This is a worrisome development as communicating anti-corruption measures is crucial for building credibility amongst stakeholders.

3 Reporting on sustainability improving but target figures and achievements lacking

The negative environmental effects involved in creating pharmaceutical drugs and medical devices, such as the extraction of rare earth metals, make environmental sustainability an important topic for the healthcare industry. Meanwhile, the proliferation of public anger over issues such as compensation and safety has created a demand for firms to communicate how they tackle social sustainability issues as well. For healthcare firms, focusing on sustainability helps retain customers, gain new customers, attract investors, and improve government relations. The Webranking survey shows that stakeholders now expect companies to involve them in the process. Stakeholders are

judging companies on what targets are set and achieved. Although 75% of healthcare firms provide a sustainability report compared to 72% of all European companies, information on data and targets are lacking. Only 29% of firms provide environmental data (40% Europe), 38% environmental targets (45% Europe), 38% social data (38% Europe), and 25% social targets (31% Europe). While Swiss companies **Novartis** and **Roche** both provided sustainability reports and full data on targets and achievements, they are the outliers. The healthcare industry still needs to improve when it comes to communicating on sustainability issues. As long as targets and achievements are generally absent, the sustainability reports will lack the credibility necessary for building strong long-term relationships with stakeholders.



Best in class in sustainability

- Novartis
- Roche
- Sonova

The healthcare industry needs to improve engagement with jobseekers and look to integrate corporate comms into social media.



Best engagement with jobseekers

- Roche
- GlaxoSmithKline
- Merck Kgaa

4 Healthcare industry needs a strong work force, yet engagement with jobseekers lacking

Considering that the healthcare industry relies on innovation to meet market demands, and that innovation requires acquiring a talented work force, companies should be engaging jobseekers through multiple channels. This is especially true given that skilled labour is in short supply within the healthcare industry.

Yet, while 58% present employee testimonials in text format, only 38% present them in videos. Information about compensation and

benefits is presented by only 46% of healthcare companies, while 67% publish details about training and competence development. Healthcare companies could make life easier for candidates and offer online applications via LinkedIn, currently done only by 17% of evaluated companies.

Providing more information for jobseekers via these channels is an effective way for gaining the human resources needed for innovation. Healthcare firms must utilize this platform if they wish to navigate the constantly evolving market demands.

5 Connecting social media channels with corporate communications lacking

Despite the healthcare industry having a strong social media presence (59%) compared to the FT Euro 500 (53%), healthcare companies do a poor job of integrating their social media communications into their corporate communications.

Only 38% of healthcare companies present one or more social media feeds on their corporate website, while only 29% provide and link to their social media channels with an explanation of what each platform is used for. While these percentages are above the EU 500 averages of 34% providing social media feeds and 17% presenting links to the various channels, this does not decrease the importance of social media and corporate communication integration.

While Fresenius (Germany), GlaxoSmithKline (UK), and Novo Nordisk (Denmark) demonstrate an understanding of this importance, the rest of the healthcare industry is lagging behind.

Given that healthcare companies have a strong social media presence, not integrating these channels into their corporate websites creates a communication disconnect. Companies that enable a fluid transmission of communications between various channels for stakeholders benefit from greater stakeholder engagement. It allows these stakeholders to better understand companies' strategies for addressing key issues, such as the healthcare industry's need for innovation and addressing sustainability issues.

This enhanced understanding ultimately leads to the increased stakeholder confidence required for long-term corporate success.

One to watch: Roche

The Swiss healthcare firm provides a raft of employee testimonials on its careers site, an effective way of showing the human side to the business.

The screenshot shows a webpage with the heading "Doing now what patients need next" and a paragraph: "We believe it's urgent to deliver medical solutions right now - even as we develop innovations for the future. We are passionate about transforming patients' lives. We are courageous in both decision and action. And we believe that good business means a better world." Below this is a section titled "We are Roche." featuring a grid of six employee portraits with short testimonials and "more" links.

Sectors:

Healthcare sector drops from second place to fourth place in industry ranking

The healthcare sector falls two places, with the insurance sector taking second place and the utility sector maintaining third place.

Despite the healthcare industry improving its overall score of 44.3 in 2014 to 45.3 in 2015, the sector still dropped two places in the overall rankings due to a massive improvement by the insurance sector. Topping the group is Swiss firm **Roche**, followed by **Merck Kgga** and **Sonova**.

The insurance sector moved up five places to take second place with 45.6 points, up from 40.5 points last year. Italian insurance company **Generali** topped this group, followed by **Munich Re** and **Aegon**.

The Chemicals sector in Europe came out on top again (having held this place last year), with an average of 48.5 points, beating last year's average of 40.5 points. Leading German companies **BASF** and **Bayer** and Dutch company **DSM** made the top three for the second year in a row.

The **banking** sector achieved a low average of 39.2 points. Topping the banks ranking with the highest points are **Danske Bank** (69.5), **Swedbank** (63.4) and **Erste Group** (60.5).

Financial companies as a whole continue to disappoint, with the financial services sector performing the worst in the overall ranking. The few exceptions in this group include **Investor**, **Deutsche Boerse** and **Schroders**.

Seven sectors, including banking, out of 19 achieved less than 41.9 points, which is the general average score for Europe.

Country ranking – healthcare sector

The top 3 most transparent countries in the healthcare sector are:

1. Switzerland
2. Germany
3. Belgium

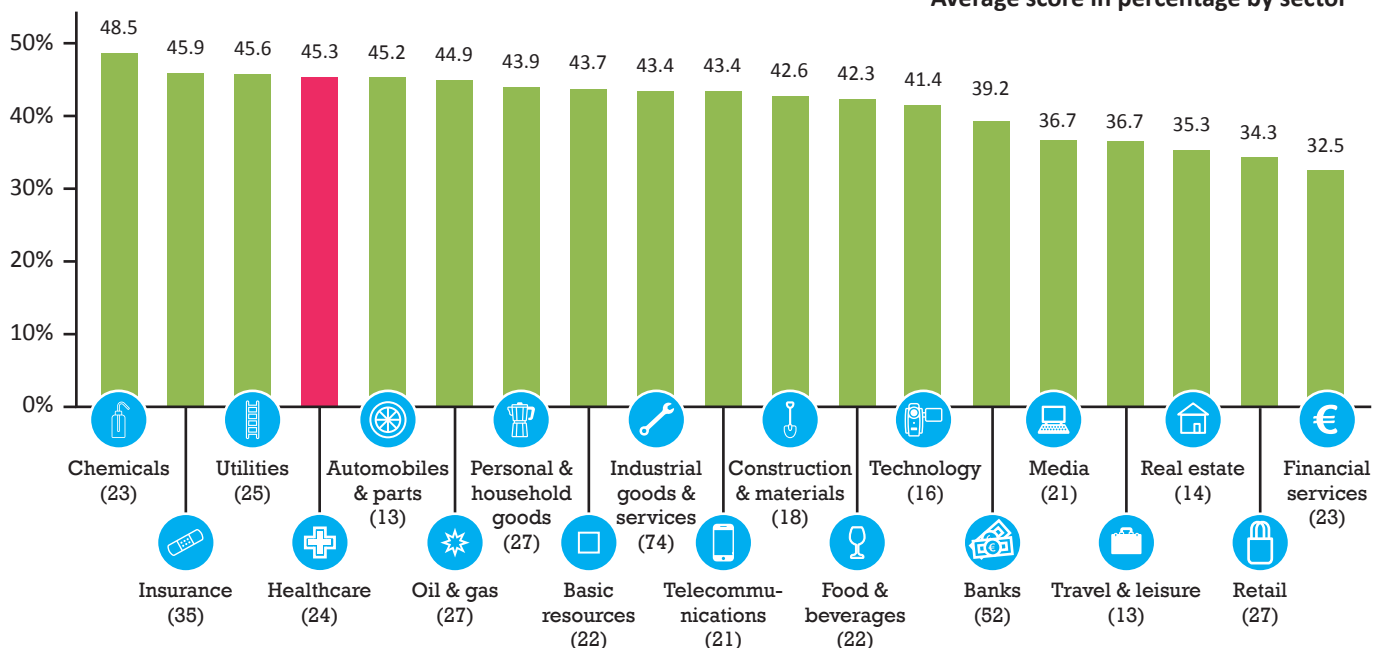
Publication of sector analyses

A new series of sector reports was introduced last year. The sector reports tell us how companies identify and address the most pertinent sector issues they are facing. It also offers a direct peer group comparison, giving companies an in-depth look into how their competitors are operating in the space.

[Read our sector reports on banking and insurance.](#)

Webranking data

Average score in percentage by sector



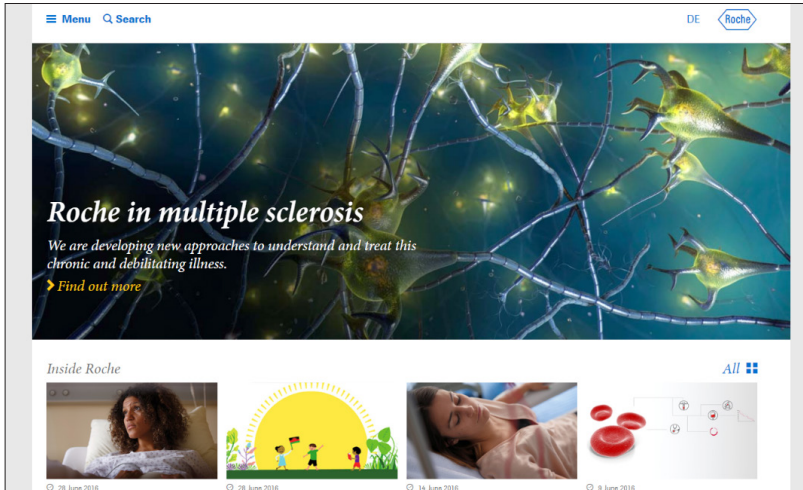
Note: Webranking by Comprend 2015-2016.

The companies included in Webranking by Comprend are categorised in 19 supersectors according to the ICB (Industry Classification Benchmark) methodology.

Best in class

Healthcare firms in Europe 500

1 roche.com



Roche takes the top spot in the ranking this year, having been ranked second in 2014. An improvement in providing financial presentation and figures led to a 4.7 point increase.

With 61 points, the company gains the highest score for its Career section. It is also one of top performers in terms of social media presence and engagement.

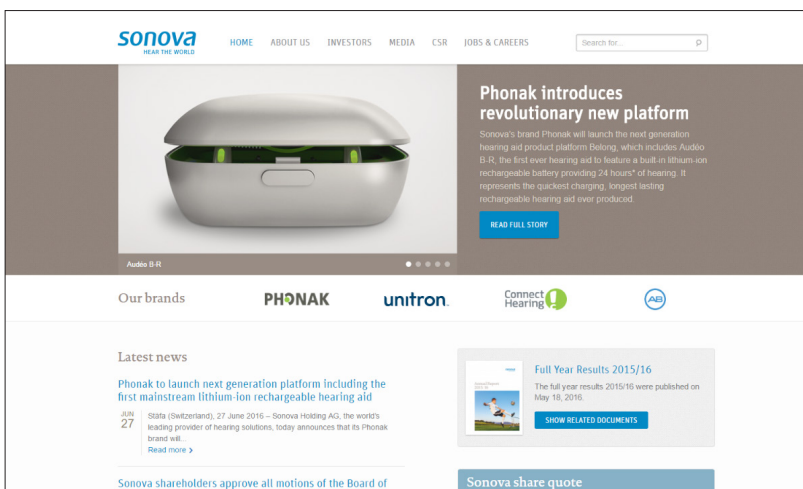
2 merckgroup.com/en/index.html



Merck Kgga moves up one sport into fourth place with 60 points, showing a dramatic improvement in their investor relations section (with a 2.4 point increase).

The German company scored highly due to strong annual and financial reporting practices, showcasing a key awareness in communicating to investors and journalists.

3 sonova.com/en



Entering the top three by moving up 2 positions is Sonova with 59.3 points.

The Swiss company scored highly for functionality, presenting a user friendly website that is responsive and easy to navigate.

How we conducted the research

Over the past 20 years, the Webranking research has become the most recognised analysis in Europe regarding digital corporate communication. The objective of the research is to help businesses communicate better with their stakeholders and to understand their priorities. This year, the research has been improved to reflect the needs of stakeholders even more.

24 healthcare firms assessed along with more than 800 companies globally

Comprend's Webranking research is the most well-known analysis of corporate and financial communications in Europe. The study is a well-honed instrument not only for measuring the efficiency of online communications, but also to help companies compare with national and international peers. The European ranking evaluates companies that are in the Financial Times Europe 500.

Sector rankings of companies in the FT Europe 500 index are compiled as well using the ICB sector classification. The European classification included 24 healthcare firms in 2015.

The research also includes a global ranking that evaluates the largest 100 companies in the world included in the Global 100 index by the Financial Times. Taking into account the ranking of companies based in the Middle East and North Africa, a total of 802 companies worldwide were assessed.

The study evaluates the English language version of corporate websites.

The stages of the research

The research consists of three steps. First, every year Webranking criteria are updated based on the results of questionnaires dedicated to the capital market and jobseekers in order to reflect new needs.

The second stage applies stakeholder expectations, in the form of an evaluation protocol, to all the companies included in the research to test how well they perform. Then, each company is given a score.

The last step is the data analysis and the presentation of the research results, in addition to the collection of international best practices and trends.

How are the companies evaluated?

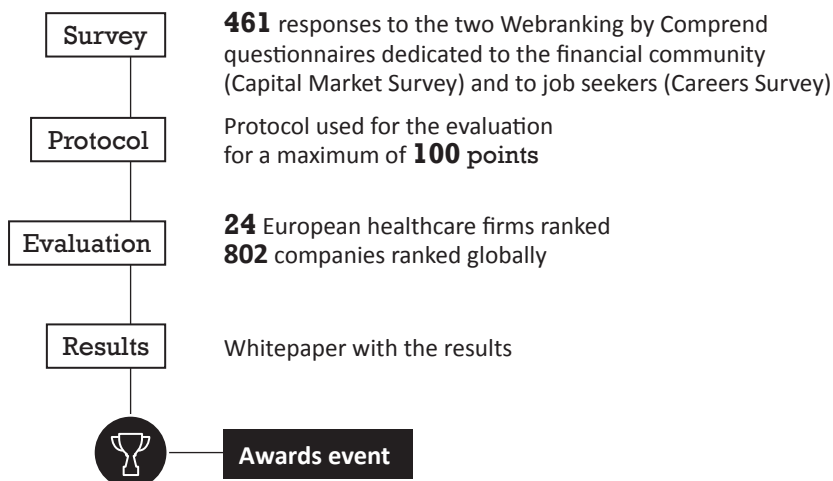
The evaluation protocol of Webranking by Comprend 2015-2016 is composed of 100 criteria, divided in 10 sections, making for a total score of 100 points.

Financial information (the presentation of financial statements, investor relations information and corporate governance) has grown in importance over the last year, making up a total of 48 points. The criteria dedicated to the site's positioning on search engines and the presence and use of social media make up a total of 6.2 points. They are integrated within the sections, as in previous years.

Major focus on information relevant to stakeholders

This year Webranking focuses more on the needs of the most important stakeholders. In this way, the research becomes even more of a stress test on the effectiveness of digital corporate communication.

The various phases of the research



Key numbers

19th
European edition and

24
healthcare firms
evaluated

497
FT Europe 500
companies
evaluated

Comprend Webranking 2015-2016

Healthcare

Rank 2015-2016		Rank 2014	Company	Score 2015
1	▲	2	Roche	60.9
2	▲	4	Merck Kgaa	60.0
3	▲	5	Sonova	59.3
4	▲	7	Novo Nordisk	56.6
5	▲	9	Fresenius	54.0
6	▼	3	Novozymes	52.8
7	▲	8	Novartis	51.9
8	▲	21	Shire	47.8
9	▲	11	Sanofi	46.8
10	▼	6	UCB	45.7
11	▲	12	GlaxoSmithKline	44.9
12	▲	14	Fresenius Medical Care	44.4
13	▲	16	Lonza	44.2
14	▲	15	Smith & Nephew	44.1
15	▼	10	AstraZeneca	42.7
16	▲	19	Getinge	42.0
17	-	NEW	Qiagen	40.7
18	▼	13	Essilor International	40.5
19	▲	20	Hikma Pharmaceuticals	39.0
20	▼	18	Actelion	37.7
21	▼	17	Coloplast	36.6
22	-	NEW	Meda	36.1
23	-	NEW	William Demant	31.3
24	▼	23	Grifols	27.3

Note

The maximum score is 100 points. The 24 health firms were selected from the FT Europe 500 Index 2015 and belong to the ICB supersector 4000 Healthcare. Each site was evaluated twice by different researchers between the beginning of July and August 29th.

The companies included in Webranking by Comprend categorized in 20 supersectors according to the ICB (Industry Classification Benchmark) methodology.

Previous rankings can be found at

To read the complete results, click below:

comprend.com/webranking

Compared to last year, 3 healthcare firms entered the FT Europe 500. These include Qiagen, Meda and William Demant.

Close the gap: order the report

The Webranking Report is an online tool that identifies the gap between your key stakeholder demands and your digital corporate communication. It provides you with tools to reach your goals, meet stakeholder demands, benchmark against peers and competitors, or reach your anticipated ranking position.

The Webranking Report

- Your company's score and ranking
- Your strengths and weaknesses, overall and by section
- Benchmark analysis with 3 selected peers
- Detailed description of all 100 criteria
- 300 best practice examples to be inspired from while planning for your improvements
- Interactive tool that lets you test how improvements would affect your results
- Access to the data from the background research surveys

The Webranking Plus Report also includes

- A qualitative analysis with detailed recommendations on how to improve your digital corporate communication
- A face-to-face presentation of your results where we also share current trends and suggest possible ways forward for continuous improvement, including a review on design, message and findability

We are Comprend

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Digital Corporate Communications

At Comprend we believe in creating stronger, more engaging Digital Corporate Communications solutions for our clients. We combine communications knowledge with digital expertise. Our international clients rely on us for their IR, media, CSR, employer branding, internal communications and social media. Our work has global reach and successfully supports worldwide as well as local market-specific initiatives.

We are a team of 60+ professionals with offices in Stockholm, London and Lisbon. We have partners in Milan (Lundquist), as well as group partners in the H&H Group: Hallvarsson & Halvarsson, Involve, Jung and Springtime.

For further information check the website comprend.com

To order your Webranking by Comprend 2016-2017 report or to get more information and insights please contact:

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