

Novartis welcomes interest from investors and other stakeholders concerned with Environmental, Social and Governance (ESG) topics and aims to report comprehensively and transparently on our objectives and progress. To help ESG analysts, we have created a set of environmental, social and governance indices to signpost where our key disclosures can be found across our publications and channels.

## Environmental

### Environmental | Social | Governance

#### Environmental policy, strategy and governance

**Environmental policy**      [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)

#### Environmental management systems (EMS)

Managerial and board-level responsibility for environmental issues:

- [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)
- [CDP Climate 2020 \(PDF 0.6 MB\)](#) (p.6)
- [CDP Water 2020 \(PDF 0.3 MB\)](#) (p.18)

Identification of products, activities and services that have significant impacts on the environment: [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)

Compliance with environmental regulation: [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)

Objectives, targets and deadlines: [2025-2030 environmental targets](#)

Environmental programs:

- [Climate](#)
- [Water](#)
- [Waste](#)
- [CDP Climate 2020 \(PDF 0.6 MB\)](#)
- [CDP Water 2020 \(PDF 0.3 MB\)](#)

Roles and responsibilities:

- [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)
- [CDP Climate 2020 \(PDF 0.6 MB\)](#) (p.6)
- [CDP Water 2020 \(PDF 0.3 MB\)](#) (p.18)

Training and awareness programs for employees: [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)

Internal and external communications on environmental management issues:

- [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)
- [CDP Climate 2020 \(PDF 0.6 MB\)](#)
- [CDP Water 2020 \(PDF 0.3 MB\)](#)

Monitoring and measurement:

- [Novartis Health, Safety and Environment \(HSE\) Data 2020 \(PDF 0.1 MB\)](#)
- [Novartis in Society](#)

Environmental performance records: [Novartis Health, Safety and Environment \(HSE\) Data 2020 \(PDF 0.1 MB\)](#)

External/Internal environmental audits:

- [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)
- Novartis HSE maintains a robust audit program comprising assessment of compliance with external legal standards and company internal HSE standards. The audit program also conducts themed reviews comprised of specific topics (e.g. process safety, industrial hygiene, contractor safety, etc.) based on the periodic need of the business. All Novartis sites are risk assessed to determine the audit frequency. The frequency varies between 2-5 years based on the risk assessment, prior audit results, emerging regulations and overall operational changes. In general, all manufacturing and laboratory sites are audited every 2-3 years for regulatory compliance and internal conformance.

Corrective actions to stimulate continual improvement: [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)

**EMS certification**      [Health, Safety and Environment Policy \(PDF 0.1 MB\)](#)

**Hazardous waste management**      [Commitment to reducing hazardous waste](#)

#### Air emissions

Identification of relevant air emissions: [Novartis Health, Safety and Environment \(HSE\) Data 2020 \(PDF 0.1 MB\)](#)

Details of initiatives to reduce air emissions:

- [Novartis in Society 2020](#)
- [CDP Climate 2020 \(PDF 0.6 MB\)](#)

Monitoring and measurement (PDF 0.1 MB): [Novartis Health, Safety and Environment \(HSE\) Data 2020 \(PDF 0.1 MB\)](#)

#### GHG reduction programs

Policy commitment to reduce GHG emissions: [Climate](#)

Managerial responsibility for GHG emissions: [CDP Climate 2020 \(PDF 0.6 MB\)](#) (p.6)

Initiatives to reduce GHG emissions:

- [Novartis carbon-sink forestry projects \(PDF 2.4 MB\)](#)
- [Novartis in Society 2020](#)
- [CDP Climate 2020 \(PDF 0.6 MB\)](#)

[CDP Climate 2020 \(PDF 0.6 MB\)](#)

GHG reduction targets and deadlines: [2025-2030 environmental targets](#)

GHG emissions monitoring and measurement:

- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)
- [Novartis in Society 2020](#)

Regular GHG audits or verification: [CDP Climate 2020 \(PDF 0.6 MB\)](#)

#### Renewable energy programs and use of cleaner energy sources

Current programs:

- [CDP Climate 2020 \(PDF 0.6 MB\)](#)
- [Climate](#)
- [Novartis in Society 2020](#)

Targets and deadlines:

- [2025-2030 environmental targets](#)
- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)
- [Novartis in Society 2020](#)

#### Green procurement policy and programs to reduce toxic release footprint associated with the supply chain

Supplier programs (compliance): [Novartis in Society 2020](#)

Supplier programs (beyond compliance): [Novartis in Society 2020](#)

Policy addresses process and product-related requirements:

[Novartis Third Party Code \(p.12\)](#)

- We are committed to protecting and promoting the health and safety of our associates, contractors, visitors, patients and the communities in which we operate. We ensure a rigorous process to identify and mitigate health and safety risks, and promote leading health and safety best practices.

[Details and extent of supplier environmental screening and audits : Novartis in Society 2020](#)

- [Responsible Supply Chain Management](#)
- [Novartis in Society 2020](#)

#### CDP participation

- [CDP Climate 2020 \(PDF 0.6 MB\)](#)
- [CDP Water 2020 \(PDF 0.3 MB\)](#)

#### Environmental performance and disclosures

##### Greenhouse gas emissions (Scope 1, 2, and 3)

Data (including historical data):

- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)
- [CDP Climate 2020](#)

Trends: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Progress against targets (including track record of achieving previous targets):

- [Novartis in Society 2020](#)
- [CDP Climate 2020](#)
- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Intensity: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

3 year average intensity: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Average annual % change: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

##### Renewable energy usage

Data (including historical data):

- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)
- [CDP Climate 2020](#)

Trends: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Progress against targets (including track record of achieving previous targets):

- [Novartis in Society 2020](#) (p.65-66)
- [CDP Climate 2020](#)
- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Average annual % change: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

**Waste targets  
(hazardous, non-hazardous waste)**

Data (including historical data):

- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)
- [CDP Climate 2020](#)

Trends: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Progress against targets (including track record of achieving previous targets):

- [Novartis in Society 2020](#)
- [CDP Climate 2020](#)
- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Average annual % change: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

**Air emissions (SO<sub>x</sub>, NO<sub>x</sub>, VOC, Ozone depleting substances)**

Data (including historical data):

- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)
- [CDP Climate 2020](#)

Trends: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Progress against targets (including track record of achieving previous targets):

- [CDP Climate 2020](#)
- [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Average annual % change: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

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## Social

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### **Environmental | Social | Governance**

#### **Product Governance and Product Quality and Safety**

##### **Product/service safety and quality policy, strategy and governance**

**Product/service safety and quality policy and program** Policy commitment to help ensure product/service safety & quality:

- [Novartis quality commitment](#)
- [Code of Conduct](#)
- [Novartis in Society 2020](#)

Details of managerial responsibility for product/service safety & quality:

- The Novartis Quality Manual describes the Novartis Quality Organization and Quality Management System including management responsibilities. Each Function/Local Quality Unit Head is responsible for ensuring compliance with the requirements listed in the Quality Manual. The Novartis Quality Organization (led by the Head of Global Quality who reports functionally to the CEO and operationally to the Global Head of Novartis Technical Operations, a member of the Novartis Executive Committee of Novartis) is an independent function that is responsible for the development, implementation and maintenance of the Novartis Quality Management System. It consists of a formal organization, as well as advisory and decision-making bodies and is responsible for both Quality Assurance and Quality Control throughout Novartis.

Product/service safety risk management procedures:

- [Risk management](#)
- [Responsible Supply Chain Management](#)
- Throughout the lifecycle of our medicines, we work to help ensure the best balance of benefit and risk by having a variety of systems and processes in place for a continuous and systematic review of the data collected for all products in our portfolio, including those on the market and those that are still in development. The Novartis safety risk management process begins early in the development of new products. Safety management teams develop safety monitoring and risk management plans for each product when it enters development. These plans are regularly updated as new safety information for a product becomes available. High-impact safety- and product-related risks are addressed for recommendation and advice to the Portfolio Stewardship Board (PSB). The PSB is a standing, cross-functional senior executive board that is chaired by the Head Chief Medical Office and Patient Safety Organization supported by the Head Portfolio Stewardship. Its decisions and recommendations are made independently of any business/financial considerations, with the intent to put patient safety first.

Regularly tested emergency response procedures to help ensure product/service quality/safety: [Business continuity](#)

- Novartis operates in a highly regulated industry: Throughout the product lifecycle, all our operations require a cGxP certificate issued by the relevant health authorities, with a robust Quality Management System in place.
- Novartis Emergency Management (NEM) procedures are established to ensure a quick, safe and coordinated response to emergencies across the Novartis Group. This compulsory, uniform system sets internal reporting and decision-making structures and procedures.
- NEM is an integral element of Business Continuity Management (BCM). Trainings, including simulation trainings, are performed to develop and maintain emergency management skills, and an understanding of tools and processes.
- Performance on NEM and BCM is reported quarterly and trainings are performed on a regular basis.

Incident investigation and corrective action procedures:

- [Responsible Supply Chain Management](#)
- [Reporting side effects](#)
- [Novartis in Society 2020](#)

Monitoring of product/service safety performance:

- [Code of Conduct](#)
- [Novartis in Society 2020](#)

Product/service objectives or targets

- Each product is tested with approved and validated analytical testing procedures before being released on the market and has registered specification limits approved by health authorities.
- We have established the following indicators to measure our product quality and safety: [Novartis in Society Report 2020](#)
  - Number of ICSR (Individual Case Safety Report) reporting
  - Number of HA (Health Authority) inspections without critical findings
  - Audit performance
  - Number of initiated recalls
  - Number of regulatory warnings:
    - Warning letters
    - FDA inspections with Form 483

Regular external product/service safety audits (see below): [Risk management](#)

- We maintain a robust quality system with harmonized processes and procedures. These include providing integrated medical safety evaluations and benefit-risk assessments as well as monitoring the quality and safety of in-market and investigational products. This quality system is compliant with regulatory requirements and standards. Further, we are regularly subject to health authority inspections, which additionally ensure regulatory compliance and the highest product quality at our manufacturing sites.
- 126 inspections were completed in 2020, all but one was found acceptable (99.2%). The one inspection that may require further improvement was due to increased inspection focus on our clinical activities. The final classification of this inspection is still to be determined.
- Novartis also performs internal audits. The Novartis Quality Audit program normally conducts over 1 500 audits per year covering internal and external functions and sites. Travel restrictions due to the COVID-19 pandemic had an impact on our ability to complete all the audits in our 2020 quality audit program. Audit reports are reviewed and approved independently and distributed to the auditee (internal function, manufacturing site or external supplier) who is responsible for submitting a corrective and preventative action plan which, upon agreement, is implemented. The audit is closed when all actions in the plan have been completed.

Public reporting on product/service safety issues:

- [Novartis in Society 2020](#)

## Safety and quality in manufacturing and handling

**Extent and scope of product quality and safety testing and monitoring** Details on whether testing is done in-house (in-house is best practice):

- [Global Drug Development](#)
- [Novartis Clinical Trials](#)
- [Investigator-Initiated Trials](#)
- [Animals & Research](#)
- [Novartis in Society Report 2020](#)

**Extent and scope of product quality and safety audits** Scope and frequency of audit program, and further details of internal and external audits

- To maintain compliance with our quality and safety standards and to support the continuous improvement of our QMS, Novartis has a robust and independent audit program that covers the product lifecycle.
- The audit program is governed by global procedures and covers Novartis internal sites and functions as well as suppliers. The scope of each audit depends on the type of operations conducted. The frequency of audits is based on activities performed and applicable risk assessments. The Novartis quality audit program normally conducts more than 1 500 audits per year covering

internal functions, sites and external suppliers in areas including Good Manufacturing Practice (GMP), Good Clinical Practice (GCP), Good Laboratory Practice (GLP) and pharmacovigilance. Travel restrictions due to the COVID-19 pandemic had an impact on our ability to complete all the audits in our 2020 quality audit program.

- An annual audit plan is established to take into account audit frequency and assessed risks. Audits are performed by certified auditors. The subsequent audit report is reviewed and approved independently and distributed to the auditee (internal function, manufacturing site or external supplier) who is responsible for submitting a corrective and preventative action plan which, upon agreement, is implemented. The audit is closed when all actions in the plan have been completed.

**Extent and scope of product quality and safety training for employees** Proportion of employees trained: [Learning and development](#)

- All internal and third-party personnel are required to take mandatory Safety and Quality (cGxP) trainings before executing a GxP relevant task.
- Throughout the product lifecycle, all our operations require a cGxP certificate issued by the relevant health authorities, with a robust Quality Management System in place that incorporates all the relevant legal requirements and associated standards, including ISO. Against this background, regulators require we are able to prove that our employees are qualified, through education, training or experience, to perform any assigned task which has an impact on product quality or patient safety.
- We have a very robust quality and safety training process (initial and continuous training) for our associates and we are regularly audited on our training procedures. Examples of topics covered in initial training for all employees include: Product Quality Reporting (adverse events), Information Management and Responsible Record Keeping, Novartis Group Quality Management Escalation, GxP on-boarding and HSE.
- All associates in Novartis Technical Operations complete their initial role-specific training to ensure they can safely and compliantly perform their tasks, prior to performing them independently. All Novartis employees (including contractors) in Manufacturing and Quality Assurance are continuously trained to maintain the skills and knowledge needed to manufacture medicine safely, compliantly and effectively. These trainings include: Aseptic Operator, Enhanced Third-party Oversight, Investigation Certification Program and Quality Management Systems.

Proportion of own sites that are certified to relevant standard: [Our commitment to quality](#)

**Proportion of company facilities that have received external QMS or product safety/quality certification (e.g. ISO 9001, HACCP, or equivalent)**

- For the manufacture of medical devices, we hold the relevant certifications from ISO and other notified bodies. For all manufacturing, supply and distribution of Novartis pharmaceutical products, we hold the relevant manufacturing licenses and GMP/GxP certificates issued by the appropriate health authorities (FDA, EMEA, WHO, SwissMedic), that confirm after inspection that our duties, including our quality management systems, comply with their regulatory requirements.

**Responsible sales, promotion and marketing of products**

**Policy for responsible sales, promotion and marketing** [Novartis Professional Practices Policy](#)

**Scope and depth of employee training on responsible marketing, promotion and interactions with healthcare professionals**

Scope of training:

- Novartis trains all new employees and new contractors on relevant policy topics ensuring compliance with ethical standards. E-trainings target associates with an email address. All remaining associates are required to be trained face-to-face or through shared kiosks.
- The Professional Practices Policy (P3) global mandatory compliance e-training course was launched in 2018, and includes Novartis expectations for responsible marketing and sales as well as the rules on interactions with healthcare providers. All Novartis employees are required to complete the P3 training, and in 2018 we had a completion rate of 99% (target was 95%). A P3 refresher training was launched in 2020 to reinforce associates' knowledge about principle-based decision making in the area of responsible marketing and sales. As part of our global compliance training curriculum, the P3 refresher training on responsible marketing and sales is mandatory for all employees every two years.
- Since 2019, workshop-style trainings titled "Business Engagement Workshops" are being hosted globally with a target of training all middle managers [can we say 'all middle managers with sales, marketing and healthcare professional interactions' responsibility?]. The objective of these trainings is to promote the use of P3 to facilitate the understanding of the principle-based decision making process. By the end of these sessions, managers should:
  - Understand best practice and guidance on how to make principle-based risk decisions related to responsible marketing and sales
  - Have experience practicing the techniques and behaviors required to make principle-based risk decisions related to responsible marketing and sales
  - Understand how and when to involve personnel from the Ethics, Risk and Compliance function, and other relevant parties in decision-making related to responsible marketing and sales

Depth of training:

- In addition to the training described above, in-depth training is required for all associates with responsibilities available on a variety of topics related to marketing, promotion and interactions with healthcare professionals, including promotional and non-promotional materials; events and professional meetings; external funding; engagement with healthcare professionals and healthcare organizations; interactions with patients and patient organizations; and market research.
- In-depth interactive scenario-based e-trainings are assigned to all associates whose role involves sales, promotion and marketing activities. Training assignments can vary based on country-specific regulations and other requirements, as well as role-specific needs. These trainings are also available face-to-face in classroom settings.
- The objectives of the trainings are to:
  1. Understand the purpose, content and specific global requirements of the P3 guidelines
  2. Learn how to apply the underlying P3 principles for principles-based thinking
  3. Overall duration: 1-2 hours

**Audit and control procedures on**

- Scope and depth of control procedures and frequency of audits: [Novartis in Society 2020](#)

<b>responsible marketing</b>	<ul style="list-style-type: none"> <li>• Novartis has established a comprehensive compliance framework (P3), which addresses promotional and non-promotional materials; events; professional meetings; medical utility and cultural acknowledgements; external funding; HCP and HCO engagements; interactions with patients and patient organizations; and market research.</li> <li>• To ensure processes are implemented, Novartis has established a comprehensive monitoring and audit framework, which comprises three types of activities: <ul style="list-style-type: none"> <li>◦ Local commercial country organizations make a compliance self-risk assessment vs. the established P3 compliance framework using the Risk Assessment &amp; Monitoring tool, which highlights risk areas requiring further attention.</li> <li>◦ A central independent worldwide compliance monitoring team has been established in January 2020 and will conduct 70+ country monitoring reviews (Ethics, Risk &amp; Compliance audits) in selected units in 2020. This team partners with local businesses to assess how effectively the Novartis compliance framework guides our associates. Each review is concluded with a report and agreed remediation actions. Remediation actions are defined to address identified gaps, and a dedicated Remediation Team has been established in February 2020 to strengthen follow-up.</li> <li>◦ Novartis has also established a comprehensive third-party risk management program, which among other risk areas, addresses anti-bribery risks. Once a third party is on-boarded, it can be subject to anti-bribery audits conducted by Novartis or an external audit company.</li> </ul> </li> <li>• Further, Internal Audit, which is part of the Novartis Business Advisory &amp; Audit function, performs 70+ audits spread over 6 blocks per year, including in-market audits and functional audits. In 2020, out of the 70+ audits, Internal Audit will complete 30+ in-market audits specifically on Sales, Marketing and Distribution, including ethical marketing. In 2019, 24 in-market audits on Sales, Marketing and Distribution, including ethical marketing, were completed.</li> <li>• Final audit reports are shared with members of the Executive Committee of Novartis (ECN) and other Novartis stakeholders. All high and medium observations from audits are reported, and they are rated based on their impact on the local, cross-divisional or group level.</li> <li>• The Audit and Compliance Committee (ACC) from the Board of Directors receives a summary of these reports every quarter. "Needs Major Improvement" (i.e. serious breaches or major deviations from regulations or policies putting the organization at risk) and "Leading" (i.e. effective and efficient controls, showing a continuous improvement cycle) reports are submitted to the ECN and the ACC.</li> </ul>
<b>Alignment with external guidelines on responsible marketing</b>	The Novartis P3 policy reflects several industry codes such as the Code of Practice of the International Federation of Pharmaceutical Manufacturers & Associations and the Ethical Criteria for Medicinal Drug Promotion established by the World Health Organization.
<b>Supply chain and sourcing</b>	
<b>Scope of supplier qualification and training</b>	<ul style="list-style-type: none"> <li>• In accordance with health authority requirements and expectations, all third parties with whom Novartis does business, and who provide goods or services that fall within scope of GxP, including Good Manufacturing Practice (GMP) or Good Distribution Practice (GDP), undergo a formal and rigorous assessment, qualification and monitoring process. This includes initial and periodic audits of facilities and quality management processes, with over 1 000 audits of GMP third parties, both direct and indirect, performed each year. The clear definitions, specific expectations, requirements, obligations and responsibilities are established through the <a href="#">Novartis Third Party Code</a> and quality agreements specific to the type of product or service provided.</li> <li>• All third parties providing materials or products manufactured to GMP are required by regulation to have their own Quality Assurance department and a formal training process. Novartis routinely assesses the capability and effectiveness of third-party training programs during audit, to confirm suitability for the provided service or product. Where transfer of product or technology occurs from Novartis to a third party, full knowledge transfer and associated technical skills training (e.g., quality-critical parameters, process steps) are provided by Novartis. The extent of training provided varies according to the complexity and risk of the associated product and process technology. For highly complex technologies, for example involving personalized medicine, Novartis uses a robust multi-step process with specialized training.</li> </ul>
<b>Membership of external bodies</b>	Name of membership organization(s) and formality of involvement: <a href="#">Novartis in Society 2020</a>
<b>Trial data transparency</b>	<a href="#">Please refer to the business ethics section</a>
<b>Product quality and safety performance</b>	
<b>Product recalls</b>	Class I (severe), Class II (moderate) & Class III (minor) and details: <ul style="list-style-type: none"> <li>• <a href="#">Novartis statements</a></li> <li>• <a href="#">Novartis in Society Report 2020</a></li> </ul>
<b>Regulatory warnings</b>	Number and details: <a href="#">Novartis in Society Report 2020 (data table p.57)</a>  FDA Form 483s: <a href="#">Novartis statements</a>
<b>Access to Healthcare</b>	
<b>Access to medicine program and access strategy</b>	
<b>Formal policy promoting access to medicine</b>	Alignment with Novartis overall corporate strategy: <ul style="list-style-type: none"> <li>• <a href="#">Novartis position on access to medicines</a></li> <li>• <a href="#">Novartis in Society 2020</a></li> </ul>
	Alignment with national/international health priorities: <a href="#">Novartis in Society 2020</a>

Senior management or board responsibility for access to medicine:

- [Novartis in Society 2020](#)
- [Novartis Annual Report 2020](#) (p.145)

CSR or other committee oversight of access to medicine: [Novartis in Society 2020](#)

Quantitative targets or qualitative objectives to enhancing access to medicine: [Targets and results](#)

Monitoring on progress of access initiatives: [Novartis in Society 2020](#)

Reporting on progress of access initiatives:

- [Expanding access to healthcare](#)
- [Novartis in Society 2020](#)

Participation in credible industry initiatives to enhance access to medicine: [Novartis in Society 2020](#)

**Extent of access to healthcare strategy in Ems/developing Countries**

Presence in emerging markets via direct operations or majority-owned subsidiaries:

- [US Securities & Exchange Commission Form 20-F](#) (p.F83-F84)
- [Novartis in Society 2020](#)
- [Novartis Social Business](#)

Plans to expand to emerging markets/developing countries:

- [Targets and results](#)
- [Novartis in Society 2020](#)

**Company's disclosure of its Access to Healthcare-related lobbying activities**

Explicit support for generics competition:

- Sandoz is a division of the Novartis Group and a global leader in generic pharmaceuticals and biosimilars.
- [Novartis Position on Competitive Off-Patent Markets](#)

Explicit/general support of the TRIPS agreement: [Novartis Position on Intellectual Property](#)

**Capacity advancement initiatives in developing countries**

- [One Novartis health system strengthening framework: Novartis in Society 2020](#)
- [Expanding access to healthcare](#)
- [Novartis Social Business](#)

**Value-based healthcare program**

**Value-based healthcare policy**

Policy commitment to value-based approach: [Novartis position on value-based healthcare](#)

Managerial responsibility for value-based programs

- The Executive Committee of Novartis reviews access strategies for all launches, including value-based programs, in the Innovative Medicines Division before their implementation.
- [Valuing our impact: Novartis in Society 2020](#)

Implementation of value-based initiatives: [Novartis in Society 2020](#)

[One Novartis health system strengthening framework: Novartis in Society 2020](#)

Reporting on value-based outcome: [Novartis in Society 2020](#)

**Drug/product donations policy and program**

**Strategic long-term drug donation program**

Details of charity partnerships:

- [Donations](#)
- [Novartis in Society 2020](#)

Disaster relief approach:

- [Donation programs for disaster relief](#)
- [Novartis in Society 2020](#)

<b>Drug donation policy</b>	<p>Formal policy :</p> <ul style="list-style-type: none"> <li>• Novartis has a policy and a clearly defined process for ad-hoc donations aimed at emergency relief efforts, which comply with the WHO Checklist and the requirements set forth in the <a href="#">WHO Guidelines for Medicine Donations</a>.</li> </ul>
<b>Scope of product donations in developing countries</b>	<p>Number (and details) of long-term drug donations programs:</p> <ul style="list-style-type: none"> <li>• <a href="#">Donations</a></li> <li>• <a href="#">Novartis in Society 2020</a></li> </ul>
<b>Value of drug donations</b>	<p>Total amount: <a href="#">Novartis in Society 2020</a></p>
<b>Equitable pricing and availability</b>	
<b>Equitable pricing and availability policy</b>	<p>Equitable pricing policy for developing countries: <a href="#">Novartis position on access to medicines</a></p> <p>Commitment to register products in LIC(s): <a href="#">Novartis Access R&amp;D principle</a></p> <p>Defined criteria for selecting a country for equitable pricing: <a href="#">Novartis in Society 2020</a></p> <p>Price strategy for developed markets: <a href="#">Novartis in Society 2020</a></p>
<b>Pricing transparency in developed and developing markets</b>	<p>Novartis discloses the total year-over-year gross and net price changes across the US product portfolio: <a href="#">Novartis in Society US Report 2020</a>.</p> <p>For the US, the manufacturer list price (Wholesaler Acquisition Cost) is published in the Red Book, and updated every year, including annual price increases. For other countries, if reimbursed, the list price is published in the official gazette, as well as on the authority/agency's website (e.g. G-BA in Germany, AIFA in Italy, and NICE in the England).</p>
<b>Approach to tiered pricing</b>	<p>Inter-country tiered pricing in LICs and LMICs based on affordability:</p> <ul style="list-style-type: none"> <li>• <a href="#">Novartis in Society 2020</a></li> <li>• <a href="#">Access to Medicine 2021 Novartis Report Card</a></li> </ul> <p>Intra-country tiered pricing in LICs and LMICs based on affordability:</p> <ul style="list-style-type: none"> <li>• <a href="#">Novartis in Society 2020</a></li> <li>• <a href="#">Access to Medicine 2021 Novartis Report Card</a></li> </ul>
<b>Products covered by equitable pricing policies</b>	<p>Number of products:</p> <ul style="list-style-type: none"> <li>• <a href="#">Novartis in Society 2020</a></li> <li>• <a href="#">Access to Medicine 2021 Novartis Report Card</a></li> </ul> <p>Proportion of products for diseases in scope:</p> <ul style="list-style-type: none"> <li>• <a href="#">Novartis in Society 2020</a></li> <li>• <a href="#">Access to Medicine 2021 Novartis Report Card</a></li> </ul>
<b>Intellectual Property access</b>	
<b>Policy on enforcing patents in LICs, LDCs, and non-LICs</b>	<p>Policy not to file for or enforce patents in LICs or LDCs:</p> <ul style="list-style-type: none"> <li>• <a href="#">Patents and Licensing</a></li> <li>• <a href="#">Novartis Position on Intellectual Property</a></li> </ul> <p>Policy not to file for or enforce patents in some non-LICs: <a href="#">Patents and Licensing</a></p>
<b>Engagements in non-exclusive voluntary licensing (including those with quality checks)</b>	<p>Number of products with non-exclusive voluntary licensing:</p> <ul style="list-style-type: none"> <li>• <a href="#">Patents and Licensing</a></li> </ul> <p><a href="#">Novartis Position on Intellectual Property</a></p> <p>Number of non-exclusive voluntary licenses with (pre-manufacturing) quality checks:</p> <ul style="list-style-type: none"> <li>• <a href="#">Patents and Licensing</a></li> </ul> <p><a href="#">Novartis Position on Intellectual Property</a></p>
<b>Neglected diseases and orphan drugs R&amp;D</b>	



<b>Novartis' approach to R&amp;D neglected diseases</b>	<p>Direct and indirect initiatives: <a href="#">Novartis in Society 2020</a></p> <p>Membership of groups/consortiums on R&amp;D and neglected disease research: <a href="#">Novartis in Society 2020</a></p>
<b>Extent of products in neglected disease areas / orphan drugs</b>	Number of disease areas where Novartis has products: <a href="#">Novartis in Society 2020</a>
<b>Extent of ongoing R&amp;D into orphan drugs and neglected diseases</b>	Number of disease areas where Novartis is undertaking R&D: <a href="#">Novartis in Society 2020</a>
<b>Human Capital</b>	
<b>Employee training and development</b>	
<b>Employee development policy</b>	<a href="#">Learning and development</a>
<b>Initiatives for talent development, recruitment and retention</b>	<p>Formal talent pipeline development strategy (forecasts hiring needs, actively develops new pools of talent): <a href="#">Annual Review 2020</a></p> <ul style="list-style-type: none"> <li>• Our talent strategy aims to anticipate future business priorities, and we have adopted comprehensive succession planning and development programs at various levels to help ensure we have the right capabilities to execute on our business strategy. For our succession planning process, we include all Executive Leadership and senior management roles and include successors at various levels of readiness, typically down through middle management. There is a full-review with the CEO/ Chief People &amp; Organization Officer annually. Summary succession plans, and talent metrics are captured/reported to the Board of Directors annually.</li> <li>• The Executive Committee (ECN) has a standing "Talking Talent" topic on their monthly meeting during which all key open positions and key talents are being reviewed and discussed.</li> <li>• In partnership with the business, finance, strategy and People &amp; Organization (P&amp;O), we have identified more than 50 key roles across the Enterprise and more than 150 in our respective business areas, which will unlock significant future value for Novartis. We have built our capacity to design the roles and support talent to help ensure that we realize this value. Circa 30 associates were trained on the methodology with plans to increase to 90 in 2020. We aspire to have 0-days vacancy time in these roles. Therefore, the target is for 90% of these value roles to have at least 1 internal successor fully ready to take on the role and for 70% of these value roles to have 2 internal successors fully ready. Finally, we encourage continuous talent scouting externally, as well as targeted development for potential internal successors, to help ensure a healthy pipeline for these roles. At the end of 2019, 98% of these value roles were occupied, 65% of them had strong succession plans and 59% low retention risk.</li> <li>• Our talent and leadership development approach is grounded in our beliefs on 21st century leadership principles and is informed by external evidence into what factors influence performance for knowledge workers. Leaders are critical for driving culture change, and this means developing strong and self-aware managers who act in an inspired, curious, and unbossed way. In other words, they set clear priorities, empower their teams, and encourage employees to speak their mind and take smart risks.</li> <li>• We have three leadership development journeys to enable leadership excellence at different stages, and two talent development programs to develop the succession pipeline with early and emerging talent. In 2020, a total of 5 000 leaders took part in one of these programs to prepare for transition to a new career stage and build sustainable performance in their role.</li> </ul> <p>Partnering with educational institutions to develop or deliver joint training programs for staff:</p> <ul style="list-style-type: none"> <li>• <a href="#">Learning and development</a></li> <li>• <a href="#">Novartis in Society 2020</a></li> <li>• <a href="#">Novartis Annual Review 2020</a></li> </ul> <ul style="list-style-type: none"> <li>• Job-specific development training programs: <a href="#">Novartis Annual Review 2020</a></li> <li>• Dedicated divisional and functional training teams offer job-specific programs to all permanent employees and part-time employees. Engagement-specific trainings are also offered to contractors.</li> <li>• Global Oncology launched the OUTSMART program to strengthen the skills of marketing teams. Marketers have access to knowledge and best practices from more than 1 200 employees in 68 countries, enabling them to be at the forefront of marketing innovation.</li> <li>• Following a guideline issued by the International Council for Harmonisation (November 2019) describing the estimand framework national regulatory agencies should adopt, Novartis launched a face-to-face training program in 2020. The program fosters cross-functional dialogue among clinicians, statisticians and regulatory affairs specialists to translate clinical trial objectives into scientific questions in order to improve the quality of clinical trial submissions.</li> <li>• Global Drug Development launched a three-level training program focused on the implementation of Patient Reported Outcomes (PROs) in our clinical development programs. PROs enable us to collect information directly from patients, hence measuring the impact of therapies on symptoms, health status and quality of life. To date, 436 associates are enrolled in fundamental level training and 60 associates have completed the intermediate level training.</li> <li>• Global Drug Development also launched a program on designing effective clinical study protocols with more than 77% of clinical development scientists describing it as highly beneficial to their roles, teaching them "Lean" principles they can apply to trial design and clinical protocols.</li> <li>• Sandoz, our generics division, launched the Medical Office Knowledge Academy to provide scientific updates to all new medical employees. To date, more than 1 000 employees have been trained virtually.</li> <li>• Sandoz also launched the Accelerate Biopharma Capabilities program to build understanding of biologics and biosimilars, underlying diseases and treatment options, and support clinical decision making. To date more than 280 medical employees and 650 sales representatives and key account managers in 90 countries have taken this first ever cross-functional biopharma training.</li> <li>• Novartis Business Services launched the Coach2Blue program to develop coaching skills and instill Unbossed leadership. To</li> </ul>

date, approximately 1 000 managers completed the program with over 90% improvement across skills, coaching, adaptability and performance on the job.

- Onboarding is a key element of employee retention. Each year, Novartis on-boards approximately 17 000 associates. In order to make the onboarding process efficient, streamlined across global locations and seamless between the Novartis functions that deliver it, we are currently building a technology enabled end-to-end Hire-to-Onboard service, which is launching in 2020.

**Scope and extent of performance reviews**

Regular performance appraisals and feedback processes for all permanent employees aligned with career development: [Novartis Annual Review 2020](#)

- Novartis has employed a global approach to performance management which encompasses objective setting, a mid-year check-in and an end-year review with a formal rating of each individual employee's performance.
- In January 2021, we shifted our approach to Performance Management with the launch of Evolve. This contemporary approach to performance management, is based on outcome-focused objectives, teamwork and frequent feedback to help associates and teams grow, learn and reach their full potential. Evolve will fundamentally change how Novartis' associates are valued and enabled. It will help to boost performance, drive and direct our cultural journey to reimagine medicine by being curious, inspired and unbossed.
- In pilot programs involving more than 16 000 employees in eight countries, we eliminated individual performance ratings, stressing instead the importance of teamwork and collaboration. Employees received regular feedback from peers as well as managers, and we increased the focus on coaching to improve performance. The experience we gained will inform how we extend the process across the company in the next two years.

**Scope and support for employee and contractor degree programs and certifications and traineeship / apprenticeship program**

Programs covering all Novartis employees. We also make these available to part-time workers and contractors:

- [Learning and development](#)
- [Career programs](#)
- [Students & scholars](#)
- [Novartis Quantitative Sciences Hackathon](#)
- [AI innovation lab](#)
- [Novartis in Society ESG Report 2020](#)
  - [Building skills across the organization](#)
  - [Training community health workers](#)
- [Novartis Annual Review 2020](#)

**Disclosure of performance of employee training and development programs**

[Novartis in Society ESG Report 2020](#)

**Employee training and development metrics**

Quantitative targets related to human capital development:

- [Novartis in Society ESG Report 2020](#)
- [Training and development targets](#)
- Reporting on human capital development metrics: [Novartis in Society 2020](#)
- Our aspiration is for all employees to spend 100 hours a year on learning and personal development. The annual training hours per employee rose to 45.7 in 2020, from 35.8 in 2019. This was supported by an ongoing campaign called #wearecurious to encourage learning, with more than 21 000 employees taking part in 215 webinars and other events during Curiosity Month in September. These totaled 60 000 hours of learning on topics such as innovation, digital skills, and patient access to medicines.
- Novartis is committed to our associates' learning and development. In addition to encouraging each associate to spend 100 hrs of learning per year, there have been significant investments since 2019 in learning, with an average training spend per FTE at 2,479 USD. This is a 21.4% increase in comparison to 2 years ago (2018).

**External recognition as employer of choice**

- [Awards and Recognition](#)
- [Novartis in Society ESG Report 2020](#)

**Scope and extent of managerial development training**

Evidence of trainings:

- [Novartis in Society ESG Report 2020](#)

In 2019, we continued our focus on building leadership capabilities:

- More than 1 400 employees completed their Association for Talent Development award-winning Ready to Grow learning journey, which supports an associate's preparation or transition from an individual contributor to an associate who leads in some capacity. Building on the 2019 success, we will offer an additional 1 500 seats globally in 2020.
- In 2019, more than 1 700 leaders in 25 countries completed M1 Lead the Way, a 9-month multiphase leadership journey that develops greater self-awareness and understanding of their impact on others while demonstrating and fostering Novartis values and leadership practice. The program will extend its reach to more than 1 600 leaders in 20 countries in 2020.
- In 2019, 330 Novartis leaders completed IMPACT, a 17-week first-line leadership development program, which will be further scaled up to offer an additional 375 seats in 10 countries in 2020.

**Formal mechanisms to promote an open feedback and development culture**

- [Our culture and values](#)
- [People and culture](#)
- [Novartis in Society ESG Report 2020](#)

**Reporting on human capital risk assessment**

- [Novartis Annual Report 2020 \(p.20\)](#)

## Employee engagement and satisfaction

### Scope and frequency of employee survey

- Annual engagement surveys to monitor employee satisfaction: [Novartis in Society ESG Report 2020](#)
- Our employee engagement surveys are conducted quarterly and reviewed extensively by the ECN, the Risk Committee of the Board of Directors and by managers with their teams to define actions. The engagement score in the Q4-20 survey of Novartis associates was 80 - out of 100, an all-time high and 7 points ahead of the industry benchmark. Engagement favorability, which measures the percentage of "agree" or "strongly agree" survey responses, rose to 87% in the fourth quarter from 80% a year earlier.

Formal grievance escalation/reporting (confidential):

### Procedures for grievance and escalation

- [Novartis in Society ESG Report 2020](#)
- [Handling complaints](#)

### Employee benefits

Employee stock ownership plan (ESOP) or employee stock purchase plan (ESPP): [Novartis Annual Report 2020](#) (p.F-63)

Non-salary benefits and work-life balance: [Novartis in Society ESG Report 2020](#)

- All Novartis associates (and or their families) are covered by a wide variety of benefits and flexible working arrangements. Benefits are locally competitive compared to benefits offered by other companies and in line with or exceeding statutory requirements. For example, around 85% of Novartis employees receive pension/ retirement scheme benefits in excess of statutory requirements; the corresponding figure for healthcare plans is 77%
- Novartis is constantly reevaluating its benefit offerings adapting it to the diverse and changing needs of its employees, e.g.:
  - The Novartis healthcare plan in the US which includes cover for egg freezing and gender reassignment
  - The Chinese healthcare plan which allows employees to include their parents in the coverage
- In 2019, we launched a number of key benefit initiatives:
  - A minimum of 14 weeks of paid parental leave regardless of gender. All associates are entitled to a minimum of 14 weeks of paid parental leave when they become a parent. The roll-out of this program was complete by the end of 2020 and as of Jan 2021, all associates can benefit from this guideline --> Global Parental Leave Guideline
  - Global Financial Wellbeing: Global Financial Wellbeing (GFW) initiative supports our associates in confidently managing financial life today, while preparing for the future and anything unexpected along the way. Currently roughly 90% of our employees from ca. 50% of our countries have access to this offering with plans to expand access in the coming years. Our focus on enabling our associates around the world was heightened with Covid 19 and key components of all initiatives were scalability and digitization. These included a comprehensive global wellbeing awareness campaign of 120 webinars; designing a personalized wellbeing eLearn available in 20 languages; developing an internal customized support platform entitled 'How are you feeling?' Ongoing Mental Wellbeing initiatives include facilitator guided meditations along with a pilot mindfulness train the trainer program. We continue to grow our network of mental health first aiders trained to respond to the signs of mental illness among their colleagues, now available in 19 countries.
- [Benefits during global public health crisis: COVID-19](#)

### Employee Turnover Rate

% of total employee turnover rate: [Novartis in Society ESG Report 2020](#)

- Retention of associates is a key focus area for Novartis. We benchmark turnover locally (2019 data source is Workforce Turnover Around the World). Voluntary Turnover (2019\*) in key markets like US, Germany, India and Japan is significantly lower than the Industry and country turnover benchmark.

% of voluntary turnover: [Novartis in Society ESG Report 2020](#)

## Diversity and inclusion

### Managerial or board level responsibility for diversity initiatives

- [Diversity & Inclusion](#) strategy
- [Diversity & Inclusion Governance and Community](#)
- [Novartis in Society ESG Report 2020](#)
- [Meet Elena Rodriguez, Global Head of Diversity & Inclusion at Novartis](#)
- Executive Committee members have diversity aspirations as part of their individual strategic objectives. Diverse candidate slates and interview panels are required for senior positions and monitored as part of the monthly talent reviews at the executive level.

### Promoting diversity learning within the workforce

We made progress in removing possible gender bias from our recruiting system by eliminating historical salary data when making job offers across 75% of global hiring, up from 40% in 2019.

Training and guidance regarding diversity:

- Annual mandatory unconscious bias e-training for recruiters has been assigned to all recruiters in 2020.
- Annual, Novartis-wide mandatory Diversity & Inclusion e-Training was developed throughout 2020 and launched in Q1 2021.
- We have established a global D&I learning playlist that is being curated and updated, to meet the changing needs in D&I skill building for all associates.
- We have developed the Listening Dialogues approach throughout 2020 that we roll out in 2021, to enable all associates/teams have open conversations, foster psychological safety and hone their empathetic listening skills.

Employee affinity groups, diversity councils, or networking groups:

- [Building internal communities](#) 11/24

- [Novartis in Society ESG Report 2020](#)

Mentorship programs: [Attracting and retaining diverse talent](#)

**Diversity and inclusion initiatives beyond legal compliance**

Targeted recruitment:

- [Nudging bias out of the organization](#)
- [Novartis in Society ESG Report 2020](#)

Initiatives that support a diverse workforce:

- [Diversity & Inclusion](#)
- [Pride @ Novartis 2020](#)
- [Global parental leave guideline](#)
- [Novartis in Society ESG Report 2020](#)
- [Novartis Equal Pay International Coalition \(EPIC\) pledge](#)

**Workforce breakdown by age**

Novartis tracks employee age data to understand its age distribution by region and country. In 2020 we had 17% under the age of 30, 65% between 30 and 50, and 18% over 50.

**Workforce breakdown by ethnicity/race and nationality**

In addition, we track the nationalities of our employees outside of the US. The top 5 nationalities of our workforce is German (9.5%), Indian (9.4%), Chinese (7.3%), French (4.7%), and Slovenian (4.4%). The percentage of these nationalities in management is 9.7%, 8.3%, 3.2%, 5.3%, 2.6% respectively. This is excluding the US because passport nationality is not tracked within the company for US-based associates.

**% of women in STEM-related positions**

In 2020, 54% of STEM related positions were filled by women. At Novartis, all STEM related job families are categorized within Research and Development, and IT job families.

**Females in management positions in revenue-generating functions**

In 2020, the percentage of females in management positions in revenue-generating functions was 43%.

**Total number of hires**

Novartis creates many job opportunities per year. In 2020, Novartis filled 15,847 positions (the total number of hires), including interns, and Novartis Temporary Contracts.

**Diversity monitoring and audits**

[Novartis in Society ESG Report 2020](#)

**Commitment to inclusion**

List of the types of discrimination the company is committed to eliminate: [Human rights guideline](#) (p.4)

Commitment to help ensure equal opportunity:

- [Novartis Equal Pay International Coalition \(EPIC\) pledge](#)
- [Pay equity and transparency](#)
- [Women's Empowerment Principles launched by the UNGC and the UN Development Fund for Women \(UNIFEM\)](#)
- [United Nations' workplace standards protecting the rights of lesbian, gay, bisexual, transgender and intersex people](#)

Reference to the ILO conventions: [Novartis in Society ESG Report 2020](#)

**Employee representation**

**Freedom of Association Policy**

Code of conduct and referral to the applicable conventions of the International Labor Association (ILO):

- [Code of Conduct](#)
- [Human rights guideline](#) (p.4)
- [Novartis Modern Slavery Statement](#) (p.5)

**Collective Bargaining Agreements**

- % of Novartis employees represented by a trade union or covered by collective bargaining agreements (rating in bands of 25%): [Novartis in Society ESG Report 2020](#)
  - At Novartis, more than 45% of our total non-management headcount are formally covered by a collective bargaining agreement and approx. 75% of employees are covered by formal employee consultation procedures and duties.
  - All employees are protected by written employment or similar contracts
  - All employees are covered by independent internal employee relations, counselors and resolutions.
  - In 2020, Novartis maintained intensity of social dialogue opportunities between senior (top) management and the Novartis European Works Council (NEF) – held 13 virtual meetings in 2020.
  - Awareness of associates towards their right to associate with trade unions or employee representatives reached 68% in 2020.
- We engage in constructive dialogue with employees and employees' representatives. In general, minimum notice periods regarding operational changes are defined by law, by collective bargaining agreements or by individual labor contracts in all countries. Where relevant, local legislation and collective bargaining agreement specifications on notice periods vary, ranging from 30 to 180 days and more. In general, Novartis Group company associates and their representatives are informed at the earliest possible time (usually between 30 and 180 days). In addition to regulations in collective bargaining agreements, social plans and balance of interests negotiated with employee representatives may allow longer pre-notice and notice periods, as well as severance pay, redeployment to other Novartis companies, outplacement services or transition assistance in compliance with the regulatory or bargaining agreement requirements.
- More than 60% of Novartis Group company associates have access to an employee assistance program, i.e. Job Center support, which can include coaching, application training and social counselling. We also offer outplacement support to assist associates in their transition post-exit – the support we offer goes beyond the legally required minimum for more than a third of our workforce.
- Novartis has paused globally any new restructuring-related notifications due to COVID-19, and has communicated to employee

representatives accordingly.

## Human Rights

### Company's policy indicating support for human rights

Policy aligned with UN Declaration of Human Rights or equivalent: [Human rights guideline](#)

### Commitment to external mandates & standards to protect human rights

List of commitments to external mandates to protect human rights, e.g. Declaration of Helsinki, Good Clinical Practice:

- [Human rights guideline](#) (p.3)
- [Novartis in Society ESG Report 2020](#)

Commitment to external standards to protect human rights:

- [Human rights guideline](#) (p.3)
- [Novartis in Society ESG Report 2020](#)

### Human Rights Impact Assessment

- Since 2018, Novartis has reviewed its global operations for potential human rights risk and found potential risk in all areas reviewed.
- Between 2018 and 2021, we conducted eight targeted human rights assessments in high-risk countries, as well as several targeted human rights assessments for products, services, functions, and business units.
- In addition, from 2018 until the end of May 2021 we have conducted 11 335 third-party labor rights risk assessments through our Third Party Risk Management (TPRM) system, which represents 100% of our in-scope third parties for third-party labor rights.

### Mitigation/Remediation action

- After conducting the human rights assessments, if an issue is identified, we assign corrective and preventative action plans (CAPA) or other risk mitigation approaches to address the risk and prioritize addressing mitigation measures that prevent the greatest harm to the greatest number of people, consistent with the UN Guiding Principles on Business and Human Rights.
- Since December 2018, we have put in place 78 mitigation measures with a variety of scopes (e.g. short, intermediate, and long-term) and with action items for both Novartis and third parties. As of May 2021, 33 of the 78 measures were completed, 10 were on track, four were delayed and 31 were yet to start.
- Examples of remedial actions taken so far include dismissals, written warnings, training, coaching, increased awareness of the Novartis SpeakUp function (whistleblower program), and implementation of new controls and systems.

## Health & Safety

### Health & safety management

### Health & safety policy

[Health, Safety and Environment Policy](#)

### Managerial responsibility for health & safety issues

[Health, Safety and Environment Policy](#)

### Operating guidelines & procedures

Operating guidelines or procedures that are relevant for the industry:

- [Codes, policies and guidelines](#)
- [Positions](#)
- [Occupational Health & Safety Data Supplement 2017](#)

### Scope and extent of employee training

Regular health and safety training programs:

- [Health, Safety and Environment Policy](#)
- [Occupational Health & Safety Data Supplement 2017](#) (p.2;5;6)

### Health & safety performance tracking

Performance monitoring and measurement: [Novartis Health, Safety and Environment \(HSE\) Data 2020](#)

Internal or external health and safety audits conducted at least every three years

- Novartis HSE maintains a robust audit program comprising assessment of compliance with external legal standards and company internal HSE standards. The audit program also conducts themed reviews comprised of specific topics (e.g. process safety, industrial hygiene, contractor safety, etc.) based on the periodic need of the business. All Novartis sites are risk assessed to determine the audit frequency. The frequency varies between 2-5 years based on the risk assessment, prior audit results, emerging regulations and overall operational changes. In general, all manufacturing and laboratory sites are audited every 2-3 years for regulatory compliance and internal conformance.

Reporting on health and safety programs and performance: [Novartis in Society ESG Report 2020](#)

### Contractor health & safety

### Contractor health and safety legal documents (policy, operating guidelines)

Policy commitment to protect the safety of contractors:

- [Novartis Code of Ethics](#) (p.12)

<b>&amp; contractual agreement)</b>	<ul style="list-style-type: none"> <li>• We are committed to protecting and promoting the health and safety of our associates, contractors, visitors, patients and the communities in which we operate. We ensure a rigorous process to identify and mitigate health and safety risks, and promote leading health and safety best practices.</li> <li>• <a href="#">Novartis Third Party Code</a></li> </ul> <p>Operating guidelines on contractor safety management:</p> <ul style="list-style-type: none"> <li>• <a href="#">Health, Safety and Environment Policy</a></li> <li>• <a href="#">Novartis Third Party Code</a></li> <li>• <a href="#">Safe workplace</a></li> <li>• <a href="#">Occupational Health &amp; Safety Data Supplement 2017</a></li> <li>• Novartis maintains an internal guideline on contractor safety management that governs the selection, management and monitoring of contractors and their sub-contractors, ensuring they have the culture, resources, systems and plans in place to adhere to Novartis and regulatory safety requirements.</li> </ul> <p>Compliance with safety guidelines included in contractual agreements:</p> <ul style="list-style-type: none"> <li>• <a href="#">Health, Safety and Environment Policy</a></li> <li>• <a href="#">Novartis Third Party Code</a></li> <li>• <a href="#">Occupational Health &amp; Safety Data Supplement 2017</a></li> </ul>
<b>Contractor selection &amp; follow-up</b>	<p>Pre-screening of contractors for safety performance and risks:</p> <ul style="list-style-type: none"> <li>• <a href="#">Responsible Supply Chain Management</a></li> <li>• <a href="#">Novartis in Society ESG Report 2020</a></li> </ul> <p>Reporting on contractor safety management: <a href="#">Occupational Health &amp; Safety Data Supplement 2017</a></p>
<b>Scope and extent of contractor safety training</b>	<p>- The management of HSE risks associated with the use of Contractors and Third parties is a key requirement established into the HSE Management Manual: Contractors and Third Party Personnel are in scope of our Serious Injury and Fatality prevention program, we have an operating guideline on contractor safety management which is included in contracts, contractors are selected and valued on their safety performance, etc. Our target is to fully embed contractor safety management standards across the Novartis group by the end of 2020, however we do not make our GOPs and Guidelines publicly available.</p>
<b>Wages, benefits, and working hours</b>	<ul style="list-style-type: none"> <li>• <a href="#">Novartis Third Party Code (p. 6-7)</a></li> </ul>
<b>Contractor health &amp; safety tracking</b>	<p>Objectives or targets regarding contractor safety: <a href="#">Occupational Health &amp; Safety Data Supplement 2017</a></p> <p>Monitoring of contractor safety performance: <a href="#">Occupational Health &amp; Safety Data Supplement 2017</a></p> <p>Disclosure of contractor fatalities for the past three years:</p> <ul style="list-style-type: none"> <li>• 2009: 0 serious injury and 0 fatality</li> <li>• 2008: 1 serious injury and 0 fatality</li> <li>• 2007: 0 serious injury and 0 fatality</li> </ul> <p>Our SIF prevention program covers Novartis associates, Third party Personnel and Contractors. We publicly report the number of Serious Injury or Fatality cases in the CR Targets and Results report, however we do not disclose details on cases.</p>
<b>Health &amp; safety KPIs</b>	
<b>Lost time incident rate (LTIR)</b>	<p>Reported for the past four years: <a href="#">Novartis Health, Safety and Environment (HSE) Data 2020</a></p>
<b>Employee fatality rate</b>	<p>Reported for the past three years:</p> <ul style="list-style-type: none"> <li>• 2009: 0 serious injury and 1 fatality</li> <li>• 2008: 2 serious injuries and 0 fatality</li> <li>• 2007: 0 serious injury and 1 fatality</li> </ul> <p>Our SIF prevention program covers Novartis associates, Third party Personnel and Contractors. We publicly report the number of Serious Injury or Fatality cases in the CR Targets and Results report, however we do not disclose details on cases.</p>
<b>External certifications of own sites (e.g. OHSAS 18001)</b>	<p>Up-to-date information of % of group sites that have received external certification for their occupational health and safety management systems</p> <p>In 2009, 21 out of 49 NTO sites (42%) received external certification to either OHSAS 18001 or ISO 45001.</p>
<b>Targets to reduce health &amp; safety incidents</b>	<p><a href="#">Occupational Health &amp; Safety Data Supplement 2017</a></p>

**Corporate Governance**

**Board structure**

**Board/management quality & integrity**

- Board Experience:
  - [Board of Directors](#)
  - [Novartis Annual Report 2020](#) (p.136)
- Director Track Record: [Board of Directors](#)
- Board Capture: [Novartis Annual Report 2020](#) (p.152)

Votes Against Board:

- [Novartis shareholders approve all resolutions proposed by the Board of Directors at the Annual General Meeting](#)
- [Novartis Annual Report 2020](#) (p.135)
- [2020 AGM voting results](#)

Responsiveness to Shareholders:

- [Novartis shareholders approve all resolutions proposed by the Board of Directors at the Annual General Meeting](#)
- [Novartis Annual Report 2020](#) (p.134, 160)
- [Annual General Meeting of Shareholders](#)

Related Party Transactions: [Novartis Annual Report 2020](#) (p.F-72)

Director Ownership & Remuneration: [Novartis Annual Report 2020](#) (p.A9;93; 119-122)

Executive/Board Misconduct: [Novartis Annual Report 2020](#) (p.100)

Overboarded Directors:

- [Novartis Annual Report 2020](#) (p.152)
- [Board of Directors](#)

**Board effectiveness**

Board Leadership:

- [Board of Directors](#)
- [Novartis Annual Report 2020](#) (p.152)

Board Tenure: [Novartis Annual Report 2020](#) (p.137)

Board and Chair independence: [Novartis Annual Report 2020](#) (p.136)

Nominating Committee Effectiveness: [Novartis Annual Report 2020](#) (p.149)

Voting Structures: [Novartis Annual Report 2020](#) (p.134-135)

Directors not Elected by Shareholders:

- [Novartis shareholders approve all resolutions proposed by the Board of Directors at the Annual General Meeting](#)
- [2020 AGM voting results](#)

Risk Oversight: [Novartis Annual Report 2020](#) (p.150; 160)

Risk Management Expertise on Board: [Board of Directors](#)

Female directors (no. and total):

- [Board of Directors](#)
- [Novartis Annual Report 2020](#) (p.137)
- [Novartis in Society ESG Report 2020](#)

Number of Board Members over 70:

- [Board of Directors](#)
- [Novartis Annual Report 2020](#) (p.137)

<b>Structure of remuneration</b>	<p>STI Performance Metrics: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p> <p>LTI Performance Metrics: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p> <p>Pay Magnitude: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p> <p>Pay for Performance: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p> <p>Pay for Failure: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p> <p>Pay linked to sustainability: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p> <p>Clawback &amp; Malus Policy or Provision: <a href="#">Novartis Annual Report 2020</a> (p.96)</p>
<b>Remuneration Committee</b>	<p>Remuneration Committee Effectiveness: <a href="#">Novartis Annual Report 2020</a> (p.144)</p> <p>Remuneration Committee Independence: <a href="#">Novartis Annual Report 2020</a> (p.123; 132)</p> <p>Overboarded remuneration committee members</p> <ul style="list-style-type: none"> <li>- <a href="#">Board of Directors</a></li> <li>- <a href="#">Novartis Annual Report 2020</a> (p.152)</li> </ul>
<b>Disclosure</b>	<p>Remuneration Disclosure: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p> <p>Disclosure on linking pay and performance: <a href="#">Novartis Annual Report 2020</a> (p.98-117;119-124)</p>
<b>Participation</b>	<p>Say on Pay:</p> <ul style="list-style-type: none"> <li>• <a href="#">Novartis shareholders approve all resolutions proposed by Board of Directors at the Annual General Meeting</a></li> <li>• <a href="#">Annual General Meeting of Shareholders</a></li> </ul> <p>Internal Pay Equity: <a href="#">Novartis Annual Report 2020</a> (p.110;120)</p>
<b>Ownership and shareholder rights</b>	
<b>Shareholder rights &amp; involvement</b>	<p>Proportionality - One Share/One Vote / Voting Rights Limits Shares Held: <a href="#">Novartis Annual Report 2020</a> (p.134-135)</p> <p>Restrictions on legal action by shareholders: <a href="#">Novartis Annual Report 2020</a> (p.134)</p> <p>- Subject to Swiss law, mainly Art. 758 of the Swiss Code of Obligations</p> <p>Shareholder Action: <a href="#">Novartis Annual Report 2020</a> (p.134-135)</p>
<b>Accounting indicators</b>	
<b>Auditor Committee Structure</b>	<p>Audit Committee Structure: <a href="#">Novartis Annual Report 2020</a> (p.143)</p>
<b>Audit Committee Effectiveness</b>	<p>Audit Committee Effectiveness: <a href="#">Novartis Annual Report 2020</a> (p.147)</p>
<b>Audit-related fees</b>	<p>Auditor Fees: <a href="#">Novartis Annual Report 2020</a> (p.162)</p>
<b>Stakeholder Governance</b>	
<b>Stakeholder Governance</b>	<ul style="list-style-type: none"> <li>• <a href="#">ESG Governance</a></li> <li>• <a href="#">Novartis in Society ESG Report 2020</a></li> </ul> <p>ESG Reporting Standards: <a href="#">Novartis in Society ESG Report 2020</a></p> <p>Verification of ESG Reporting: <a href="#">Novartis in Society ESG Report 2020</a></p>



Global Compact Signatory:

- [Novartis in Society ESG Report 2020](#)
- [Novartis UNGC Communication on Progress 2019](#)

ESG Performance Targets: [Targets and results](#)

Political Involvement Policy: [Political engagement](#)

Lobbying and Political Expenses: [Political contributions](#)

Anti-bribery & anti-corruption Policy:

- [Anti-bribery policy](#)
- [Code of conduct](#)
- [Novartis Professional Practices Policy](#)
- [Conflicts of Interest Policy](#)

Environmental Policy: [Health, Safety and Environment Policy](#)

Whistleblower Programs:

- [Handling complaints](#)
- [Novartis in Society ESG Report 2020](#)

Tax Disclosure: [Novartis Tax Policy Statement](#)

Non-discrimination Policy: [Human rights guideline](#) (p.4)

Scope of Social Supplier Standards: [Novartis Third Party Code](#)

CDP Participation:

- [CDP Climate 2020](#)
- [CDP Water 2020](#)

GHG Reduction Program:

- [Climate](#)
- [Novartis carbon-sink forestry projects](#)
- [Novartis in Society ESG Report 2020](#)

Green Procurement Policy: [Novartis Third Party Code](#)

## Business ethics

### Business ethics approach

### Whistleblower programs

Available to suppliers, customers and other third parties: [Handling complaints](#)

An independent, reporting hotline available 24/7: [Handling complaints](#)

Possibility for anonymous reporting and reports are treated confidentially: [Novartis in Society ESG Report 2020](#)

Non-retaliation policy:

- Associates who report potential misconduct or who provide information or otherwise assist in any inquiry or investigation of potential misconduct will be protected against retaliatory action.
- [Novartis Code of Conduct](#) (p.8)
- [Human rights guideline](#) (p.6)

Structures in place to process whistleblower reports:

- [Handling complaints](#)
- [Novartis in Society ESG Report 2020](#)

### Communication of whistleblower programs

- Proactively communicated to employees:
  - [Handling complaints](#)
  - [Novartis in Society ESG Report 2020](#)
- The SpeakUp process is communicated to employees on several occasions, for instance during Welcome Days, the annual anti-harassment and Code of Conduct trainings, and country visits and town halls by representatives of the SpeakUp office. There is also regular internal communication around trends, number of cases and root causes to learn from these cases and

support prevention.

Disclosure on the number of reports received, the types of misconduct and measures taken: [Novartis in Society ESG Report 2020](#)

Available in local languages: [Handling complaints](#)

## Business ethics programs

Commitment to address major business ethics risks: [Ethics, Risk & Compliance](#)

Operating guidelines:

- [Code of conduct](#)
- [Anti-bribery policy](#)
- [Novartis Professional Practices Policy](#)
- [Human rights guideline](#)
- [Conflicts of Interest Policy](#)
- [Novartis Third Party Code](#)
- [Novartis in Society ESG Report 2020](#)

Annual training of employees on the Code of Conduct: [Novartis in Society ESG Report 2020](#)

## Management responsibility for business ethics

Board responsibility for business ethics issues: [Novartis Annual Report 2020](#) (p.160)

Managerial responsibility for business ethics:

- [Klaus Moosmayer, Ph.D., Chief Ethics, Risk & Compliance Officer of Novartis](#)
- [Ethics, Risk & Compliance](#)

## Risk management approach to business ethics risks

- Ethical risk assessments:
  - Safeguarding our company from risks
  - Expanding the third-party risk management process
  - [Novartis Annual Report 2020](#) (p.15)
- Compliance Risk Assessment and Monitoring is an annual compliance risk management process. All Novartis legal entities are in scope and the focus is on the risk areas covered by the following Ethics, Risk & Compliance policies and guidelines:
  - The P3 Policy and all related guidelines
  - The [Anti-bribery policy](#) and the Anti-Bribery Third Party Guideline
  - [The Conflict of Interest Policy](#)
- The process consists of three phases:
  - Scoping & Assessment: Review 31 pre-defined risk areas to determine relevance. Discuss, agree and finalize risk ratings and risk matrix.
  - Testing & Monitoring: Testing and monitoring is completed for all relevant activities within risk areas. This includes testing the design of the processes, and individual spot-checks via testing samples. There is no testing performed when a certain activity is not relevant to the organization or when the associated risk is very low.
  - Mitigation & Remediation: Based on the information collected and testing results, mitigation and remediation actions are defined and implemented.

Measures to deter non-compliance and reduce exposure to unethical opportunities:

- [Holding ourselves to the high ethical standards](#)
- [Novartis in Society ESG Report 2020](#)
- [Code of conduct](#)
- [Anti-bribery policy](#)
- [Novartis Professional Practices Policy](#)
- [Human rights guideline](#)
- [Conflicts of Interest Policy](#)

Incident investigation and corrective actions:

- [Handling complaints](#)
- [Novartis in Society ESG Report 2020](#)

## Animal Welfare

### Animal testing policy

Commitment not to use animal testing except where legally required: [Animal welfare policy](#)

Commitment to replace, reduce and refine animal testing:

- [Animal welfare policy](#)
- [Animals & research](#)
- The Declaration of Helsinki states that it is unethical to give experimental treatments to humans that have not been tested first in laboratory animals. ([World Medical Association Declaration of Helsinki – Ethical Principles for Medical Research Involving Human Subjects](#))

Reference to best practice standards or commitment to seek animal testing certification: [Animals & research](#)

**Managerial or board responsibility for overseeing animal testing**

[Animal welfare policy](#)

**Initiatives to replace, reduce, and refine animal testing**

- [Animals & research](#)
- [Novartis in Society ESG Report 2020](#)

**Regular audits of animal testing practices and reporting on animal testing issues**

[Animal welfare policy](#)

**Emerging technologies**

**Formal approach to emerging technologies**

Acknowledgement of risks or controversies associated with the use of emerging technologies

- [Emerging technology](#) (3 pages)
- [Novartis annual report 2020](#) (p.18)
- [Novartis Position on Nanotechnology-based Medicine](#)
- [Novartis' commitment to the ethical and responsible use of Artificial Intelligence \(AI\) Systems](#)

**Disclosures on the use of emerging technologies**

Commitment to report on the use of emerging technologies: [Emerging technology](#) (3 pages)

**Approach to emerging technologies that covers genetic engineering, nanotechnology and stem cell research**

- [Emerging technology](#) (3 pages)
- [Novartis Position on Nanotechnology-based Medicine](#)

**Clinical Trials**

**Registration & publication of clinical trials and results**

Prior registration of all clinical trials in credible and publicly available databases: [Novartis Clinical Trials](#)

Publication of all trial results in credible databases or peer reviewed journals:

- [Novartis Position on Clinical Study Transparency – Clinical Study Registration, Results Reporting and Data Sharing](#)
- [Novartis Guidelines for the Publication of Results from Novartis-Sponsored Research](#)

Publication of results of terminated trials: [Clinical Trial Results](#)

**Commitment to timely results disclosure**

- Commitment to specific timeframe for results disclosure: [Novartis Position on Clinical Study Transparency – Clinical Study Registration, Results Reporting and Data Sharing](#)
- [Novartis Guidelines for the Publication of Results from Novartis-Sponsored Research](#)

**Raw data availability to third parties**

[Novartis Position on Clinical Study Transparency – Clinical Study Registration, Results Reporting and Data Sharing](#)

[Voluntary data sharing](#)

**Commitment to clinical trial standards**

Commitment to conduct trials in an ethical manner, to adhere to international best practice guidelines and to other international codes or principles:

- [Novartis Position on Responsible Clinical Trials](#)
- [Novartis Clinical Trials](#)
- [Human rights guideline](#) (p.6)
- [Novartis Position on Ethical Principles for Transplantation Studies](#)

These clinical trial standards must be applicable to offshore and/or outsourced trials or trials are not outsourced/conducted offshore: [Novartis Position on Responsible Clinical Trials](#)

Commitment to regular monitoring of outsourced trials:

- [Novartis Position on Responsible Clinical Trials](#)
- [Clinical Trial Information Disclosure](#)
- [Ethics in Clinical Trials](#)

**Managerial responsibility for ethical conduct and independent ethics committee**

Managerial responsibility for ethical conduct in clinical trials: [Ethics in Clinical Trials](#)

Independent ethics committee with authority to approve, modify or stop trials: [Ethics in Clinical Trials](#)

<b>Clinical trials processes</b>	Procedure to obtain participants' free, prior and informed consent: <a href="#">Human rights guideline</a> (p.6)
<b>Political involvement</b>	
<b>Scope and approval of political involvement policy</b>	<p>Policy partially or entirely prohibits political involvement (of any kind on the company's behalf): <a href="#">Novartis Global Guideline for conducting lobbying activities based on transparency, honesty and integrity</a></p> <p>Policy is approved by senior management: <a href="#">Novartis Global Guideline for conducting lobbying activities based on transparency, honesty and integrity</a></p>
<b>Disclosure of lobbying &amp; political expenses</b>	Political involvement policy commits the company to disclose political donations and/or lobbying expenditures: <a href="#">Public policy &amp; Advocacy</a>
<b>Lobbying and political expenses</b>	Minimize the last three years of political contributions or political spending: <a href="#">Public policy &amp; Advocacy</a>
<b>Anti-bribery and anti-corruption</b>	
<b>Policy &amp; Commitments</b>	
<b>Responsibility for managing bribery and corruption issues</b>	<p>Responsibility of a board-level committee: <a href="#">Novartis Annual Report 2020</a> (p.143;146)</p> <p>The Board of Directors has established an Audit and Compliance Committee (ACC), which assists the Board of Directors in overseeing audit and compliance. The ACC reviews at least annually the processes and procedures used by management to execute an effective compliance program.</p>
<b>Bribery and anti-corruption policy</b>	<p>Detailed formal policy against bribery and corruption:</p> <ul style="list-style-type: none"> <li>• <a href="#">Code of conduct</a></li> <li>• <a href="#">Anti-bribery policy</a></li> <li>• <a href="#">Conflicts of Interest Policy</a></li> </ul> <p>Prohibition of bribery: <a href="#">Anti-bribery policy</a></p> <p>Definition of bribery or corruption: <a href="#">Anti-bribery policy</a> (p.3)</p> <p>Prohibition and definition of facilitation payments and conflict of interest:</p> <ul style="list-style-type: none"> <li>• <a href="#">Anti-bribery policy</a> (p.6)</li> <li>• <a href="#">Conflicts of Interest Policy</a></li> </ul> <p>Guidelines of what is considered acceptable behavior:</p> <ul style="list-style-type: none"> <li>• <a href="#">Code of conduct</a></li> <li>• <a href="#">Novartis Professional Practices Policy</a> (p.4)</li> <li>• <a href="#">Holding ourselves to the highest ethical standards</a></li> <li>• <a href="#">Our values</a></li> </ul> <p>Require all suppliers to have anti-corruption policies and programs to verify compliance: <a href="#">Novartis Third Party Code</a> (p.8-9)</p>
<b>Scope of business ethics policy</b>	<p>Policy prohibits facilitation payments:</p> <ul style="list-style-type: none"> <li>• <a href="#">Anti-bribery policy</a> (p.5). Novartis prohibits facilitation payments, irrespective of whether local law permits facilitation payments. Therefore, total value equals 0.</li> <li>• <a href="#">Novartis Third Party Code</a> (p.8-9)</li> </ul> <p>Policy covers all subsidiaries: <a href="#">Anti-bribery policy</a></p>
<b>External standards &amp; anti-corruption initiatives</b>	<p>Leading industry-specific anticorruption standards: <a href="#">Novartis in Society ESG Report 2020</a></p> <p>Membership in other external anti-corruption Initiatives: <a href="#">Novartis in Society ESG Report 2020</a></p> <p>As a signatory to the UN Global Compact, Novartis supports [...] the UN Convention Against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials</p> <p>Signatory to the CEO Letter on the UN Convention Against Corruption</p> <p>World Economic Forum's Partnering Against Corruption Initiative (PACI): Novartis has been a signatory of PACI since October 2020. We used PACI principles to design and implement our anti-bribery compliance system including our <a href="#">Anti-bribery Policy</a>.</p> <p>Transparency International's Business Principles for Countering Bribery: Novartis used Transparency International's principles to design and implement our anti-bribery compliance system including our <a href="#">Anti-bribery Policy</a>.</p>

## Programs

### Scope and extent of employee and contractor training

Regular training programs covering all employee (incl. part-time) and contractors:

- [Novartis Modern Slavery Statement](#) (p.6)
- [Anti-bribery and anti-corruption](#)
- [Anti-bribery policy](#)

Compliance training scope covers all company-wide policies with regular e-trainings and refreshers

### Employee engagement

Mechanisms for employees to consult on ethical issues: [Novartis in Society ESG Report 2020](#)

- [Creating a Code of Ethics](#)
- [Encouraging associates to speak up](#)

Associates are required to take the annual Code of Conduct training, which includes certification on the Anti-Bribery Policy. In addition, specific e-trainings target associates, including on Anti-Bribery. Launched in 2018, training on anti-bribery had a completion rate of 97% (period: October 2018-May 2019).

### Compliance assurance/Regular bribery and corruption risk assessments

Internal and external assurance of compliance with ethical standards:

- [Anti-bribery and anti-corruption](#)

Novartis has implemented a formal and robust end-to-end due diligence process, from information gathering to monitoring, to establish the risk profile of third parties. Formal processes for screening, due diligence and monitoring of third-party intermediaries/agents with respect to corruption include:

- [Responsible Supply Chain Management](#)
- [Novartis in Society ESG Report 2020](#)
  - [Safeguarding our company from risks](#)
  - [Expanding the third-party risk management process](#)

Internal monitoring system to detect corruption:

- [Novartis in Society ESG Report 2020](#)
- [Ethics, Risk & Compliance](#)

### Operating guidelines

Operating guidelines addressing record keeping, approval procedures and appropriate behavior

- [Novartis Third Party Code](#) addresses record keeping for suppliers

Each risk function (i.e. ERC, HSE, Labor Rights) has guidelines, working instructions, SOPs, etc. (for instance the Anti-Bribery Third Party Guideline) that clearly define requirements and processes for assessing third parties before their engagement.

General record keeping requirements are defined by IT, Data Privacy and other functions but not necessarily by the risk function. The Third Party Code does not define record keeping but determines Novartis expectations with regards to third party behavior.

### Whistleblower protection

*Please refer to the business ethics section*

- [Handling complaints](#)
- [Novartis in Society ESG Report 2020](#)
- [Human rights guideline](#) (p.6)

### Total value of facilitation payments

Novartis prohibits facilitation payments, irrespective of whether local law permits facilitation payments. Total value equals 0.

### Supplier management

### Proportion of spending on local suppliers

### Supplier Spend 2020

### Information and Cyber security

#### Governance

- The Risk Committee oversees the Novartis information and cybersecurity strategy at the Board level.
- The Chief Information Security Officer (CISO) oversees cybersecurity at the management level. The CISO reports functionally to the Chief Ethics, Risk & Compliance Officer, who is a member of the Executive Committee of Novartis. The CISO updates the Risk Committee on cybersecurity matters at least annually. In 2020, the Risk Committee received two updates from the CISO.
- The Ethics, Risk & Compliance (ERC) function oversees the company's risk management and compliance functions, including risk-based company-wide policies and internal control management, as well as crisis and business continuity management.

#### Policies and awareness

- The Novartis Global Information Management Policy is available to all employees via the Novartis intranet.
- All Novartis employees are required to participate in mandatory and role-based training in Information Management. In addition, Novartis has quarterly campaigns to guard against 'phishing' and provides regular information on cybersecurity awareness throughout the year.
- To ensure compliance with the Information Management Policy, Novartis includes cybersecurity in its Code of Ethics

commitments. In case of violation of cybersecurity policies, the company may take disciplinary action, up to and including termination. Novartis may also take legal action against departing employees that have violated security/data confidentiality policies or violated our IP rights.

- The company requires all suppliers to implement organizational security policies and standards. Please see the [Minimum Information Security Controls \(PDF 0.1 MB\)](#) for more details.

#### Systems and testing

- To prevent IT system interruptions, Novartis has in place business continuity plans that it tests at least every six months. The company conducts internal vulnerability analyses (including simulated hacking) as well as external testing via a third party to ensure the effectiveness of its cybersecurity controls. In addition, Novartis works with third parties to audit its cybersecurity controls, including specific assessments of areas such as network security and cloud security and an annual NIST maturity assessment of security programs.

#### Incident escalation process

- Novartis requires employees to report IT security incidents to their relevant IT Service Desk. Urgent security incidents must be reported directly to the Novartis IT Security Operations Center (SOC) via a 24/7 telephone hotline.

#### Incidents

- Novartis has not experienced any material cybersecurity incidents in the three years through 2020.

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For more information on our awards and recognition, please click [here](#).

#### Other downloads

- [Sustainability Accounting Standards Board \(SASB\) index \(PDF 0.1 MB\)](#)
- [GRI content index \(PDF 0.1 MB\)](#)
- [The Novartis UN Global Compact Communication on Progress 2019 \(PDF 0.7 MB\)](#)

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- <https://www.reporting.novartis.com/novartis-in-society/strategic-areas/holding-ourselves-to-high-ethical-standards/expanding-the-third-party-risk-management-process.html>
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