

Our ethical and sustainability standards for third parties ^[1]

In 2020, we introduced a new [Code of Ethics \(PDF 4.1 MB\)](#) ^[2]. Created by our associates, for our associates, our new Code further reinforces principles-based thinking and ethical decision-making in our organization. We are taking all necessary steps to enable associates to do what's right and ensure compliance with our Code of Ethics and all applicable laws. The code also reaffirms our commitment to work with third parties who uphold the same standards. Find out more about our [Code of Ethics](#) ^[3].

The Novartis Third Party Code

The Novartis [Third Party Code \(PDF 0.3 MB\)](#) ^[4] sets out our corporate responsibility standards, which we require our suppliers and other third parties to comply with.

We expect our third parties to perform beyond legal compliance and operate in line with ethical business practices (**Governance**); act as responsible stewards of natural resources and minimize their negative impact on the environment (**Environmental**); and protect and advance human rights and the communities in which they operate (**Social**).

The Third Party Code is based on the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and other international standards or accepted good practices.

Novartis is a member of the [Pharmaceutical Supply Chain Initiative \(PSCI\)](#) ^[5]. The Third Party Code is also consistent with the [PSCI Principles for Responsible Supply Chain Management](#) ^[6] for ethics, human rights, labor rights, health and safety, environment and related management systems. The [PSCI](#) ^[7] was formed as a non-profit business membership organization in 2006. It brings together the pharmaceutical industry to define, implement and champion responsible supply chain practices, and aims to help suppliers meet the industry's expectations.

Third parties must share our values and ethical principles

Novartis is committed to working with third parties who operate in a manner that is consistent with our values and ethical principles, as defined in our Third Party Code. These include:

- [Human rights](#) ^[8] **and Labor rights**: Third parties should uphold human rights for workers, as set out in the Universal Declaration of Human Rights, and treat them with dignity, respect and equal opportunity.
- **Health and safety**: Third parties should provide a safe and healthy working environment.
- [Environmental sustainability](#) ^[9]: Third parties are expected to act beyond legal compliance and actively minimize the environmental impact of their activities and

products over their lifecycle.

- **Management systems:** Third parties should use management systems to facilitate continual improvement and compliance with these standards.

Other standards included in the Third Party Code relate to Anti-bribery and Fair competition, Animal welfare, Data privacy and Information protection, Responsible minerals, Quality GMP, Trade sanctions and Exports control and Business Continuity Management.

Adherence to the standards contained in our Third Party Code is one of the criteria used in the Novartis third party selection and evaluation process.

Green procurement

Novartis aims to be a catalyst for positive change and a leader in environmental sustainability [9]. The environmental sustainability strategy is based on three pillars:

- Climate [10]
- Water [11]
- Waste [12]

Procurement encourages environmentally responsible suppliers, goods and services. In addition, sustainability should be considered when creating supplier category strategies, conducting supplier segmentation, developing supplier relationships and selecting and contracting suppliers.

Monitoring compliance

All third parties are risk assessed through our TPRM [13] program before initiating any collaboration. Depending on the outcome, it may not be possible to engage with the third party. However, where gaps are identified against our standards, and the third parties demonstrate a material commitment to improve, Novartis is willing to work with them to bring about improvements through engagement and collaboration. This may include audits, development and progress monitoring of corrective action plans, referring third parties to external experts, and other relevant improvement plans. We believe that our standards are best implemented through a continual improvement approach that advances third party performance over time.

All third parties are monitored throughout the relationship lifecycle, and a new risk assessment is conducted every 3 years at a minimum.

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[5] <https://pscinitiative.org/home>

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