

Public Policy & Advocacy ^[1]

At Novartis, our purpose is to reimagine medicine to improve and extend people's lives. In order to achieve this, we strive to engage in constructive dialogue with policymakers and other external stakeholders with the aim of improving access and patient outcomes.

Responsible lobbying

Our intent is to represent the perspective of Novartis in the policy making process by providing data and insights which enable informed decision-making. We undertake political activities in a responsible and ethical manner with a view to creating a sustainable business environment. Our political activities include responsible lobbying, monitoring of the political environment at a global, regional, and local level, engagement with trade associations and financial contributions to support the political dialogue.

What we lobby for:

- Solid protection of intellectual property that incentivizes investment in pharmaceutical research and development (R&D), enables knowledge sharing and allows rapid market access for generic and biosimilar medicines after loss of exclusivity
- An agile regulatory framework that champions new science and embraces opportunities from digitalization in healthcare while protecting patient safety and privacy
- Rapid patient access to innovation and quality medicines through universal health coverage and solid drug distribution pathways with affordable copayments
- Increased efficiency in healthcare systems, through stringent focus on healthcare outcomes, reflected in their general payment policies, as well as in value assessment frameworks for pharmaceuticals
- A global trade and business environment that facilitates a global approach to R&D and manufacturing through open markets, non-discrimination and tax frameworks, while acknowledging high risks and long cycle investments

Our guide to responsible lobbying

We are guided by three principles when conducting responsible lobbying:

- Principle 1: Transparency, honesty and integrity are the core values reflected in how Novartis conducts lobbying.
- Principle 2: All lobbying activities should enable widely informed decision-making in favor of improving and extending people's lives through innovative science and technology, delivering breakthrough treatments to as many people as possible and sustaining a rewarding business environment.

- Principle 3: Novartis associates must not attempt to improperly influence any decision by inducing lobbied stakeholders to act or not to act in violation of their lawful duties.

[Read the Novartis Global Guideline \(PDF 0.1 MB\)](#) ^[2] for responsible lobbying

Political engagement

Our Public Affairs associates assess regulatory and political decisions with a potential impact on our business and on our patients across the globe.

Novartis Group companies maintain full-time Public Affairs offices in several locations, including our Group Headquarters in Basel, Switzerland, Brussels, Belgium and Washington, D.C. in the United States.

We work closely with trade associations, which create opportunities to raise industry standards, exchange best practice and help foster framework conditions favorable to investment into R&D. In 2020, Novartis Group companies contributed USD 62.9 million to various major international, regional and country trade associations. Our list of memberships is available in the [Novartis in Society ESG report](#) ^[3].

Political contributions

Novartis only makes political contributions in countries where such contributions by corporations are legal. Political contributions made by the company are not intended to give rise to any obligations on the part of the recipients, nor with the expectation of a direct or immediate return for Novartis. Such contributions are managed in a balanced way, so as to not disproportionately favor any specific party or political ideology, and need to be fully compliant with applicable laws, regulations and industry codes.

In 2020, Novartis made political contributions totaling approximately USD 1.47 million, of which approximately USD 443 500 were made in Switzerland, USD 982 250 in the US, USD 41 000 in Australia and USD 6 000 in Japan.

In Switzerland, Novartis supports political parties represented in the government and other parties with a political agenda and positions supporting the strategic interests of the company in pursuit of the company mission. Swiss political parties are completely privately financed, and corporate contributions are considered crucial. The private financing of parties is a deeply rooted trait of Swiss political culture and contributing to the system is an important element of being a good corporate citizen.

The local approval process for making political contributions is explicit. First and foremost all contributions must be compliant with applicable laws, regulations and industry codes. Provision is to be made under a separate budget position and approved in the annual budget process. Funds in the US are disbursed in alignment with Public Affairs based on guidelines and approved by Legal, Compliance and the Country Leadership Team. Political contributions in Switzerland are under the supervision of the Chairman of the Board of Novartis.

Novartis Political Action Committee

Integral to the US political system is the role of political action committees (PACs). As such, the Novartis PAC, a voluntary, bi-partisan organization, was formed to support candidates for public office who advocate for issues important to the Novartis mission, demonstrate political leadership or represent a state or district where the company has a facility or a large concentration of employees. Members eligible to contribute to Novartis PAC are part of the company's restricted class who are either U.S. citizens or green card holders. Novartis PAC only uses funds voluntarily contributed by eligible employees (but not from the company) to make political contributions. The PAC is not affiliated with any political party, candidate or other organization and may contribute to federal and state candidate campaigns, party committees, and Leadership PACs at any time during an election cycle. The Novartis PAC is subject to federal contribution limits established by the US Federal Election Commission (e.g., USD 5,000 to each candidate or candidate committee per election). Administration of the Novartis PAC is clearly defined in terms of soliciting contributions, determining candidate support, disbursement of funds and reporting.

For more information on our political contributions in the US, read the [Novartis in Society US report \(PDF 1.4 MB\)](#) ^[4]

Disclosure of political funding and lobbying

Novartis discloses political contributions as required by law. Contributions made through the Novartis PAC (voluntarily contributed by eligible employees, but not from the company) are reported on a monthly basis to the Federal Election Commission (FEC). Reports disclosing PAC contributions, as well as the sum of federal lobbying-related activities, are available for public access and can be found on the respective websites of the Federal Election Commission (FEC), the Clerk of the US House of Representatives and the Office of the Secretary of the US Senate. In addition, Novartis is listed in the [Register of Interest Representatives](#) ^[6], the European Commission's voluntary self-regulation system.

Governance

All Novartis associates and third parties retained by Novartis to lobby on behalf of the company must act in accordance with the principles and rules established in the Novartis guideline on responsible lobbying. In addition, any third party that acts or lobbies on behalf of Novartis is subject to our anti-bribery due diligence process before it can be engaged. Appropriate training is provided to all associates engaged in lobbying. The due diligence process for all third parties engaging with political stakeholders has been strengthened.

Overall Novartis political engagement is - like any other Novartis activity - governed globally by the [Novartis Code of Ethics \(PDF 4.1 MB\)](#) ^[7] and relevant policies such as the [Anti-bribery Policy \(PDF 0.2 MB\)](#) ^[8] and the Third-Party Guideline. Compliance with all Novartis policies and guidelines is subject to monitoring through the Novartis auditing mechanisms.

Novartis actively participates in public policy with strict adherence to its Code of Conduct and the use of a voluntary self-regulation system.

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