

Global Guideline on P&O Principles and Labor Rights Practices

P&O Standards

April 01, 2021
Version: 2.0

Novartis Global P&O Guideline

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1 Introduction

1.1 Purpose

These Global P&O Principles outline how the Novartis People & Organization (P&O) function supports the strategic goals of the Novartis Group, its commitment to fair and respectful treatment of associates and their development and growth through processes, services and tools. Furthermore, the Principles outline how the Novartis People & Organization (P&O) function supports our overall commitment to uphold human rights for associates, as set out in the Universal Declaration of Human Rights, and to treat them with dignity, respect and equal opportunity.

1.2 Scope and Applicability

Novartis operations must comply with national law (the law of the country where the associate is employed and works for Novartis).

- Where national law and international labor rights standards differ, Novartis will strive to meet the higher standard.¹
- Where national law and international labor rights standards conflict, Novartis will comply with national law, and strive to uphold the principle underpinning the international labor rights standard.²

These Global P&O Principles outline the guiding principles for the P&O function and apply to all associates with either a permanent or other form of employment contract directly with an employing Novartis Group company and should be adapted according to applicable local laws and regulations, as well as acknowledge the corresponding local legislation in relation to the following labor rights practices, including:

- Freely Chosen Employment
- Child Labor and Young Employees
- Non-Discrimination
- Fair Treatment
- Wages, Benefits and Working Hours
- Freedom of Association and Collective Bargaining.

The guiding principles in this document are reflected in more detail in a set of global P&O principles for each functional area.

2 Joining Novartis

At Novartis, we want to reimagine medicine to improve and extend people's lives, and this purpose drives everything we do.

We seek to foster a company culture in which our people are consistently inspired to innovate, curious to ask questions and unbossed to overcome challenges and explore new ideas. By focusing on the moments that matter most to our people, we seek to optimize everyone's experience at Novartis and make sure all of our associates receive the same support and opportunity to grow and contribute wherever they are in the organization.

Novartis aspires to be the employer of choice for the best-qualified talent and strives to make the hiring process a valuable and positive experience for candidates.

¹ For example, Novartis commits to pay its associates a living wage where national minimum wage rates are below what is required to provide an adequate standard of living for them and their dependents.

² For example, in markets where national law prohibits independent trade unions, Novartis will seek to facilitate other forms of independent worker representation.

We use a variety of innovative tools, established processes and innovations to attract and select a diverse range of people to best support our business needs.

Fair and consistent hiring decisions are important to support our business in a sustainable manner. We aim to hire people with the appropriate standards of personal and professional integrity and assess applicants' suitability for a position with assessments and employment checks in accordance with local laws and regulations. We train our Talent Acquisition & Staffing (TAS) Business Partners to apply Behavioral Based Interviewing techniques.

Our new Employer Value Proposition is a major driver in our recruitment. It captures our appeal as an employer and provides a framework for attracting talented individuals to the organization.

Novartis protects associates from unfair or unethical working conditions, including bonded, forced or child labor, or any unsafe working conditions as described in section 2.1 "Freely Chosen Employment" and section 2.2 "Child Labor and Young Employees".

Novartis values the diversity and individuality of all associates.

2.1 Freely Chosen Employment

Novartis commits not to use forced labor, including bonded, indentured or involuntary prison labor, or engage in any form of forced labor or human trafficking.

- Associates are free to leave their jobs after any required notice periods, where applicable and consistent with their employment contracts and are paid on time and in full for the work they have performed prior to leaving.
- Associates are not required to relinquish possession of original versions of their identity papers or academic certificates to secure employment, unless required to do so by local law –if this is the case, associates have access to their papers at all times.
- Associates are able to freely come and go from the site or onsite/offsite accommodations at all times and are not controlled by security guards (e.g. monitored during breaks, followed to the toilets, etc.).

2.2 Child Labor and Young Employees

Novartis commits not to use any child labor.

Child labor is work conducted by:

- Any person below 15 years of age (or 14 years of age in countries whose economy and educational facilities are insufficiently developed), in accordance with Article 2 of ILO Convention 138 (Minimum Age Convention, 1973).
- Any person below the local legal minimum working age where this is higher than 15 years of age (or 14 years of age, as the case may be).
- Any person below the age of local legal compulsory education where this is higher than 15 years of age (or 14 years of age, as the case may be).

Furthermore, persons under the age of 18, legally able to work, do not carry out any hazardous work as defined under national legislation (chemical handling, strenuous physical labor, etc.) or night shifts, and all applicable local laws are followed, including access to education, training, health checks and number of hours allowed to work, etc.

Formal apprenticeships of persons below the legal working age or age of completion of compulsory education, involving a legally-authorized program of education and on-the-job training, are not considered child labor.

If children are found engaged in prohibited child labor, an immediate and appropriate remediation procedure must be implemented to ensure the welfare of the child, taking into account the best interests of the child. If children are found working, Novartis will:

- Remove the child from the workplace immediately, unless this is not in the best interest of the child; and
- Put in place a suitable plan to support the child, which may involve covering the cost of formal or vocational training, accommodation or other costs as necessary.

3 Caring for our Associates' Wellbeing

The health and wellbeing of our associates is vitally important. It is a natural extension of our company's purpose to discover new ways to improve and extend people's lives. Therefore, safe workplace conditions are a priority for Novartis and are constantly monitored through established systems and reporting.

We are committed to creating an engaging and supportive relationship between managers and associates. A return and reintegration to work following a leave of absence, illness or disability is facilitated with care management concepts and adapted workplaces and working conditions, in line with local laws and regulations.

We place strong importance on health promotion that goes beyond the workplace. Novartis offers voluntary programs to help associates proactively embrace sustainable, healthy lifestyles and maintain their desired level of personal health and wellbeing.

We have implemented the Energized for Life initiative, including programs to improve associates' health and wellbeing. We aim to provide our associates with strategies and tools to enable them to be their best selves, every day and everywhere.

Furthermore, the Novartis Global Health, Safety, and Environment (HSE) function seeks to maintain a healthy, safe and environmentally friendly workplace for our associates, contractors, vendors and visitors.

4 Ensuring Fairness and Respect

Novartis recognizes and commits to respect every associate's right to freedom of opinion, expression and speech, consistent with our policies and standards of respectful behaviour.

We value an open and fair workplace and are committed to cultivating an environment where everyone feels comfortable to express opinions and contribute ideas. We communicate with transparency and our associates can make appropriate use of suitable systems for direct communication, including social media.

We are committed to fostering open communication between managers and associates and our managers are engaged in direct dialogue with associates at all levels. Opportunities to meet individually and in groups are offered and access is provided to relevant information and regulations through specific intranet platforms and applications.

We encourage our associates to balance their work and personal lives, as it contributes to positive results in long-term performance and productivity. Consequently, we provide opportunities for our associates to increase flexibility in their working arrangements, and encourage associates to request any changes they may need. Any accumulation of overtime or holiday entitlement will be handled consistently with local law and procedures. Overtime work is compensated at a premium rate, in accordance with local legal requirements or international standards, whichever is higher.

Novartis values the diversity and individuality of associates as key success factors. We seek to create an inclusive work environment and do not tolerate discrimination or harassment. Associates particularly shall not face discrimination at any time (from recruitment to leaving employment) for any reason such as race, national or ethnic minority status, ethnicity, color, age, sex, sexual orientation, gender, gender identity or expression, social origin, disability, religion, political affiliation, union membership, pregnancy, marital status or any other protected category as defined by local laws. Potential recruits are not pregnancy-tested unless required by local law and pregnant women are not discriminated against in accordance with local laws. Furthermore, associates shall not be subject to unreasonable body searches. Physical security searches are only carried out by authorized bodies, according to local legal standards, and by same-sex security guards.

All Novartis associates are required to take personal responsibility for upholding these standards and are asked to report inappropriate treatment directly to the SpeakUp office or through other appropriate channels including: any manager or supervisor, any People & Organization representative, the Country President, any member of the Legal Department, any member of the Ethics Risk & Compliance Department, any member of Employee Relations, or any member of Global Security.

To ensure high standards of integrity, we are fostering a culture in which associates speak up. Concerns can be raised about any issue related to employment, either by direct communication with the involved parties, or by pursuing a formal resolution process. Any disciplinary action or dismissal will be based on an unbiased evaluation of the facts, respecting the principles of legality, transparency and proportionality according to local laws and regulations.

We maintain a strict non-retaliation policy. It prohibits any form of retaliation through intimidation, coercion, or any other form of adverse employment action, for making a good-faith report of prohibited discrimination or harassment, for participating in the investigation of any such complaint, or for filing an administrative claim with any government or regulatory agency.

Novartis upholds and fully respects the right of associates to freedom of association. Open communication and direct engagement with workers to resolve workplace and compensation issues are encouraged. Associates shall be able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

We are committed to constructive dialogue with workforce representatives and to the involvement of work councils or trade unions, according to local laws and regulations. Novartis Group companies shall respect the rights of all associates, as set forth in local laws, to freely form or not form, or to join or not join, labor unions, workers' councils or other forms of worker representation, without fear of reprisal or discrimination. Where local laws restrict independent trade unions, associates are able to form worker committees or other organizations for the representation of associates which are not prohibited under local law, if they so choose.

Collective Bargaining: Associates have a right to bargain collectively and understand how to raise issues if they wish. Where collective agreements are in place, they are communicated to all associates in a language they can understand.

Trade Union/Worker Representation Rights: Worker representatives are granted reasonable time and access to facilities, such as meeting rooms, to carry out their role, in accordance with local laws.

5 Valuing the Diversity & Inclusion of our Associates

Establishing a diverse, equitable and inclusive environment is fundamental to our culture and our purpose. It is only by being our true selves that we can fully realize our own talent and energy at work. Different perspectives and inclusive behaviors help us generate new ideas, drive innovation, understand our stakeholders and be closer to our patients.

Our commitments to Diversity & Inclusion are embedded in our Code of Ethics:

1. We will create a diverse, equitable and inclusive environment that treats all associates with dignity and respect. We are committed to achieving gender, LGBTI, disability and race/ethnic minority equity across and at every level of the organization. For instance, through our membership in the Equal Pay International Coalition (EPIC), we have established a multi-year program to achieve gender balance in management and implement principles and processes that ensure pay equity and transparency for all our associates across all our countries of operation by 2023. We were also the first global pharmaceutical company to support the United Nations Standards of Conduct for Business, tackling discrimination against Lesbian, Gay, Bisexual, Trans and Intersex (LGBTI) people.
2. We will educate our people on inclusivity and provide all associates with equal opportunities to contribute to our company and advance their careers. We have introduced mandatory D&I training for all our associates, as well as mandatory training for our talent acquisition partners and hiring managers to eliminate unconscious bias. And we support and encourage our 60+ Employee Resource Groups (ERGs), which link associates with shared backgrounds, interests and perspectives and make the unique aspects of diversity and inclusion more tangible to everyone.
3. We will listen to different communities with a learning mindset, to do what we can to contribute to building a world that is safer and more inclusive. We are committed to increasing patient diversity within our clinical research and development programs, and are working to raise the level of education about and enrollment in clinical trials for communities whose populations are underrepresented in research

6 Fair and Competitive Wages

We compensate our associates based on principles including competitive benchmarking, and internal and external consistency. The principles are structured to strengthen the entrepreneurial, performance-oriented values of Novartis. They also foster personal accountability and underline the importance of competence and integrity as drivers of sustainable business success. Our leaders' remuneration incorporates shares in Novartis to align leadership behavior and decision-making to the interests of our shareholders and long-term sustainability of Novartis.

An integral part of associates' total remuneration package is the range of benefits Novartis offers, according to local business and legal environments.

Novartis pays all associates a "living wage" which meets or exceeds the basic living costs of associates and their dependents, and monitors these wage levels on a regular basis. Wages below these standards are adjusted as necessary.

More specifically:

- **Wages:** Associates are not permitted to do unpaid work. Associates' monthly pay, or piece rate, is at least at local legal minimum wages or industry benchmarks, if higher than local standards, and is paid regularly and in full, in accordance with local laws.
- **Overtime Pay:** Overtime shall be compensated at a premium rate, in accordance with national law or collective agreements, whichever is legally applicable.
- **Benefits and Bonuses:** All legally required benefits and bonuses are paid to associates on time and in full.
- **Standard Working Hours:** Standard working hours shall not exceed eight hours per day or 48 hours per week (or 56 hours per week on average for shiftwork processes).
- **Overtime Hours:** Overtime hours shall not exceed the limits established in national law or under collective agreements, whichever is legally applicable. Where these do not exist, overtime hours shall be limited to the degree necessary to ensure the health and safety of associates. Mandatory overtime within these limits does not constitute forced labor. Overtime outside these limits that is made compulsory by threats of a penalty, except in the case of emergencies, constitutes forced labor, irrespective of the reasons for such overtime.
- **Time-off and Breaks:** Associates are given time off and breaks in accordance with local laws.
- **Leave:** Associates are provided with paid holidays, sick leave and other leave entitlements in accordance with local legal requirements or international standards, whichever is higher. Paid sick leave is to be provided separate from vacation days or other holidays, and does not count against vacation or holiday time off. Paid public holidays shall be in accordance with local law.
- **Parental leave:** Associates, with either a permanent or other form of employment contract directly with Novartis, regardless of gender, who become parents through birth, adoption or surrogacy, are entitled to a minimum of 14 weeks of paid parental leave (or higher standard between national and international law).

7 Fostering Professional Development

Evolve, our approach to performance management, is an integral part of our culture which aims to improve business performance by unleashing the power of our people. Evolve is based on bold, outcome-focused objectives, teamwork and frequent feedback to help associates and teams grow, learn and reach their full potential. The approach to objectives embraces a continuous rhythm and collaboration to accelerate both individual and team performance. Peers and colleagues, as well as managers, provide regular feedback which is timely and constructive. Associates are recognized for their accomplishments using UP4Growth Insights and a mutual recognition platform called SPARK. The rewards approach puts more emphasis on how individuals and teams collaborate, contribute to the success of others and achieve more together.

Evolve enables Novartis to set priorities and associates to self-create outcome-focused objectives that align to these priorities. As managers play an important role in the Evolve process, they will hold regular check-ins with their associates, providing coaching and feedback. This regular rhythm of check-ins and feedback creates an environment of personal development and learning. Associates and managers will align priorities, goals, and development needs. To support associate development, any performance improvement needs will be addressed transparently and constructively during these check-ins. Every associate's performance is regularly evaluated, taking into account their performance beyond objectives, their contribution to the success of others and their role-modeling of our Values and Behaviors.

Novartis has a single set of shared Values & Behaviors – Inspired, Curious, Unbossed and Integrity - which apply to the entire organization. They provide a foundation for all associates and define how we interact and relate to one another across the organization.

The Organization & Talent Review (OTR) process enables Novartis to build a strong talent pipeline to deliver against business plans and future organizational needs. We aim to develop strong leaders and build a deep talent pipeline to ensure Novartis has the very best talent available when and where it is needed. This is supported through ongoing and periodic reviews of the organization structure, talent in current roles, and ensuring we develop our future talent to acquire the experience and capabilities necessary to fulfill their career aspirations and the needs of Novartis.

Associates benefit from combining Performance, Talent and Learning. UP4Growth is a simplified and integrated approach to Performance Management & Development, Talent and Career Management, Talent Acquisition, Learning, and Workforce Planning – with Competencies at its core. The platform enables associates to shape their professional growth and career, and manage their performance, skills/capabilities and personal development.

8 Encouraging Learning

We encourage our associates to continuously enhance their skills as individuals and learning is a priority. All associates are encouraged to devote 100 hours each year to learning activities.

Novartis offers opportunities to develop and grow: Associates of all levels can benefit from learning programs, on-the-job training and experiences, coaching, mentoring and employee resource group exchanges. Managers are trained in using tools that will enhance the technical skills and personal growth of associates. Teams and organizations are provided with a variety of programs and events that support continuous growth and development. As international experience is becoming increasingly important in today's global market, international assignments are also available to qualified associates, supported by high-level global mobility programs.

We are building a culture that stimulates curiosity, encourages people to challenge the status quo and explore new ways of working. To support that culture, and to help us keep pace with the digital revolution in healthcare and accelerating innovation in biomedical research, we provide opportunities for associates to learn from colleagues and external experts.

Novartis provides free access to LinkedIn Learning and Coursera for all associates.

- LinkedIn Learning has over 14,500 video-based programs from leading global experts on the latest hot skills, available in 7 languages.
- Coursera offers over 3,500 courses from 190+ renowned global universities and industry leaders, available in 10 languages. This includes access to the world's first fully funded Coursera-powered Master's Degree program in Data Science with the University of Michigan and the University of Illinois.

The Novartis Learning Institute offers personal effectiveness, digital capability and language programs, as well as talent acceleration and leadership programs.

9 Employee Engagement and Satisfaction

At Novartis, every voice counts. Our quarterly Engagement Survey, Our Voice, is the most significant opportunity for associates to influence change at global, unit, functional and local levels.

This survey prompts a dialogue between the company and its associates; assesses organizational health and enables Novartis to understand how associates feel about the organization, what should continue and what may need changing to drive greater engagement and organizational success. It provides a helpful read on critical opinions in Novartis, in all geographies, all units and at all levels. Participation is voluntary and all responses are strictly confidential.

An independent survey research firm manages the process and no one within Novartis sees any individual responses. Once the aggregate results are completed and shared with leaders, this feedback is used to enhance and/or make changes to targeted areas that associates feel will create a better environment or lead to greater success.

10 Ensuring Accuracy and Confidentiality of Personnel and Organization Data

Novartis acknowledges the confidentiality of personal data and administers personal data with a high level of data accuracy. Novartis maintains relevant personnel data of its associates to enable the efficient administration of a wide range of services, including access to Novartis sites, computer systems and salary administration. We aspire to a high level of data accuracy and, to this end, continuously monitor and improve the data collection processes.

A record of the organizational structure of Novartis is maintained in global P&O systems and is used to steer approval processes on financial and personnel decisions. Principles for managerial roles have been established which reflect both Novartis standards and legal requirements.

The individual's right to confidentiality of their personal information is fully acknowledged and we comply with legal requirements regarding data privacy, such as local data protection laws. This includes a strict need-to-know philosophy for access to personal information, reasonable safeguards, data accuracy and liability and the appointment of local data privacy experts. Our associates can request access to any of their own personal information held by the company, including their personnel files, according to local laws and regulations.

11 Breach of this Guideline

In alignment with our Code of Ethics, breaches of our policies and guidelines or local laws will result in remedial, corrective or disciplinary actions up to and including termination of employment. Actual or suspected incidents of misconduct should be reported to the SpeakUp Office. Novartis guarantees non-retaliation and confidentiality, to the extent legally possible, for good-faith reports of such breaches.