

Ethics, Risk & Compliance

Conflicts of Interest Policy

Novartis Global Policy

Version: 1.0

Document History

Version	Change(s)
1.0	Conflicts of Interest Guideline upgraded to a Policy

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1. Introduction

1.1. Purpose

Novartis' purpose is to reimagine medicine to improve and extend people's lives. This requires that we hold ourselves to the highest ethical standards and ensure that we act with integrity in everything we do, and, in every decision, we make at Novartis.

We must manage Conflict of Interest situations in a professional and ethical manner to prevent Conflicts of Interest from damaging our personal reputation and that of Novartis. When making decisions related to our work at Novartis, we have a duty to act in the best interests of Novartis and avoid even the appearance of a conflict.

The purpose of this Policy is to protect the interests of Novartis by ensuring that all business decisions are made objectively, ethically, and in the best interest of Novartis. This Policy supports Employees in managing Conflicts of Interest risks.

Identifying, avoiding, or disclosing and addressing Conflicts of Interest is an important part of demonstrating objectivity and integrity when executing our responsibilities and duties at Novartis.

This Policy reflects our commitment to make business decisions without personal interests influencing our judgment as set out in the *Code of Ethics* [1].

1.2. Scope and Applicability

This Policy is applicable to all Employees, and to contractors or third-party employees, e.g. those non-employees who have been engaged as part of the company's contingent workforce, including but not limited to, interns, temporary workers or independent contractors.

1.3. Exceptions

Exceptions to this Policy are not permitted.

1.4. Adaptations

There are no adaptations to this Policy.

1.5. Roles and Responsibilities

Role	Responsibilities
All Employees	<ul style="list-style-type: none"> Read, understand, and adhere to the principles set out in the Conflicts of Interest Policy. Avoid actual and potential Conflicts of Interest wherever possible. Where a conflict cannot be avoided, disclose actual or potential Conflicts of Interest situations as soon as they arise in the Conflicts of Interest (Col) tool. Update disclosed Conflicts of Interest in the Col tool when circumstances change. Ensure that any mitigation actions that are agreed upon to manage or resolve the conflicts are completed in a timely manner. Complete the annual Conflict of Interest attestation in the Col tool.
Managers	<ul style="list-style-type: none"> Create an environment where Employees feel safe to discuss and disclose Conflicts of Interest. Lead by example, always demonstrating compliance with the Conflicts of Interest Policy. Inform their Employees about the Conflicts of Interest Policy. Treat the information disclosed by the Employee with appropriate confidentiality and without bias.

Role	Responsibilities
Col Reviewer (ERC, P&O or Legal)	<ul style="list-style-type: none"> Respond swiftly when they receive a Disclosure for review and treat the Employee's Disclosure sensitively, always respecting their privacy. Evaluate risks to Novartis of disclosed Conflicts of Interest and determine appropriate actions needed to ensure disclosed Conflict of Interest risks are addressed appropriately. Follow up on agreed mitigation actions/plans (if any) to ensure that the Conflict of Interest is remediated.
Novartis Organizational Unit / Function ERC	<ul style="list-style-type: none"> Support and guide Employees and Managers as needed regarding the requirements of the Conflicts of Interest Policy. Review assigned Conflict of Interest Disclosures and support Managers in determining appropriate mitigation measures, where required. Support compliance with the Conflicts of Interest Policy in the unit/function by: <ul style="list-style-type: none"> Promoting awareness of this Policy and related processes and tools Identifying and evaluating Conflicts of Interest risks relevant to the unit/function. Based on an assessment of the unit's risks, provide where needed (additional) training or communications to enhance awareness of Conflicts of Interest risks. Raising awareness of and actively supporting the annual Conflicts of Interest attestation campaign.
Talent Acquisition/Local P&O recruiter	<ul style="list-style-type: none"> Responsible for executing the Col Disclosure process for shortlisted candidates during the hiring process.
Corporate ERC, Anti-Corruption Team	<ul style="list-style-type: none"> Design, implement, and manage the Col Program across Novartis. Global Process Owner for the Col Process Oversee global Col operations including the annual attestation campaign. Advisory role in the interpretation and implementation of the Policy and related processes & procedures. Appoint the Col Central Team

2. Principles

2.1. Identifying and avoiding Conflicts of Interest

A Conflict of Interest arises when Employees place their personal interests before the interests of Novartis and where such personal interests improperly influence or could be seen as improperly influencing their business judgments, decisions, or actions.

Making judgments, taking decisions, or pursuing actions when facing a Conflict of Interest may make it difficult to perform work for Novartis objectively and may have legal, reputational and regulatory consequences for both Novartis and the involved Employee.

Employees are expected to recognize when they potentially have, or could be perceived as having, a Conflict of Interest. If Employees are in doubt about whether a particular situation creates an actual, potential or perceived Conflict of Interest, they should consult their Manager, P&O Business Partner, Legal or ERC Partner for guidance.

2.2. Disclosing Conflicts of Interest

Having a Conflict of Interest is not necessarily wrong. However, it can become a problem or even a legal issue if an Employee tries to influence or could be perceived as influencing the outcome of business dealings for direct or indirect personal benefit.

Employees are therefore required to promptly inform their Manager of any actual, potential or perceived Conflicts of Interest and disclose them in the online Conflicts of Interest Disclosure tool (Col Tool)¹.

Disclosure must take place as soon as the Employee identifies that they may have a Conflict of Interest. When circumstances change, and existing Disclosures may no longer be accurate or complete, Employees must ensure that any previous Disclosures are updated to reflect the latest status.

Employees are required on an annual basis to provide an attestation in the Col Tool¹ that they have disclosed all Conflicts of Interest or that they do not have any Conflict of Interest.

Talent Acquisition and Staffing (TAS) / Local P&O Recruiter must communicate to shortlisted job candidates that they are required to disclose any Conflicts of Interest they may have with Novartis during the hiring process and once they join Novartis. Disclosures made during the hiring process must be discussed with and addressed by the hiring manager before an offer of employment is made.

2.3. Addressing Conflicts of Interest

Disclosing a Conflict of Interest alone is not sufficient. Every conflict must be addressed together with the Manager to eliminate or reduce the associated risks. Most Conflicts of Interest can be addressed in a simple and mutually acceptable manner through proactive, open dialogue between Employees and their Manager.

Novartis expects the Manager to:

- Assess the Conflict of Interest situation disclosed by the Employee and fairly evaluate options to address the conflict, taking into consideration the insights and recommendations shared by the Col reviewers.
- Make a pragmatic and informed decision to address the Conflict of Interest so that risks to Novartis are minimized and the personal interests of the Employee are protected as far as possible.
- Communicate the decision and its reasoning to the Employee and follow up to ensure the Employee understands and complies with it
- Document these decisions and actions in the Conflicts of Interest disclosure tool

¹ For countries that due to technical and/or legal or regulatory reasons do not have access to the online Conflicts of Interest disclosure tool, paper-based disclosure forms will be used to disclose Conflict of Interest. The principles and process remain the same whether disclosing online or on paper.

2.4. Monitoring Conflicts of Interest

The completion of the agreed actions needs to be monitored to ensure that they are effectively implemented. For ongoing/recurring conflicts, mitigation measures need to be regularly reviewed (at least annually) and changed as the need arises, to ensure the associated risks are still being appropriately managed. Managers are responsible for overseeing the completion of agreed-upon mitigation measures.

3. Types of Conflicts of Interest

The following section lists some common types of Conflicts of Interest, in the following main categories and are detailed below:

- External engagements including outside employment
- Personal financial interests
- Family and personal relationships
- Gifts, meal, travel, entertainment and other favors

3.1. External engagements (incl. outside employment)

3.1.1. Outside engagements and other payments for services

External engagements (including employment outside of Novartis) may create or appear to create a Conflict of Interest. This is because of the possibility that some aspects of the outside position may cause Employees to act in a way that is inconsistent with their duty to Novartis.

This concern applies not only to traditional employment relationships, but also to the receipt of fees for consulting, honoraria and other payments for services.

Employees should not have any kind of paid or unpaid engagements with a Novartis supplier, customer, payer or competitor. Exceptions require careful assessment through the Col process to ensure this will not influence and cannot be perceived as influencing their business judgment or it is expressly requested by Novartis and is documented accordingly.

Employees must avoid participation in any outside employment, service or other external engagement that involves any of the following scenarios:

- adversely affects or appears to affect the objectivity of the Employee in performing their duties at Novartis
- involves any external entity or activity that they are personally involved with, where their judgement may appear to be biased
- requires services to be performed during Novartis regular business hours without written approval
- diverts their time or attention away from their responsibilities to Novartis
- entails the use of working time or company resources (e.g., Novartis devices, office supplies) unless it is requested or supported by Novartis (e.g., a Novartis Volunteering or Pro Bono Program)
- benefits a Novartis competitor or in any way competes with Novartis business
- negatively affects the Employee's work duties
- requires the use or Disclosure of Company confidential information
- conflicts with Novartis' mission or values or otherwise negatively impacts the reputation of Novartis
- or is otherwise detrimental to Novartis.

A Conflict of Interest could also arise when an Employee acts as an official/advisor/consultant to a government agency, particularly in a role involving regulatory or supervisory power over (or other ability to affect) Novartis. Employees must inform their Manager for approval prior to accepting any such position.

3.1.2. Giving speeches and other presentations

Giving speeches and other presentations may raise Conflict of Interest concerns. Specifically, they could:

- Create a perception that Employees are using their position for personal gain, which could harm both their reputation and that of Novartis.
- Lead to a perception that the Employee's participation in the event could influence their business decisions with respect to the event sponsor.
- Create a perception of the Employee speaking for Novartis.

Before accepting an offer to give a speech or other presentation, Employees must take all reasonable steps to mitigate such risks and receive written approval as per the *External Speaking Opportunity Guideline* [2].

Speaking engagements as part of your duties at Novartis do not need to be disclosed in the Col tool if there is no payment or other significant benefit from the external entity or a related third party involved.

Unrelated personal speaking engagements and publications do not need to be disclosed or approved, provided that no relationship, sponsorship or other affiliation with Novartis is made or implied e.g., through distribution of a Novartis business card. No Novartis time, equipment, office supplies or proprietary information may be used in connection with such an engagement.

3.1.3. Board memberships

Board memberships are any positions that Employees hold on a board of directors, in an advisory board or in a similar supervisory body of an external organization. Serving on another entity's board could create a Conflict of Interest because of the demanding obligations of loyalty and time commitment that come with board memberships – at least in situations where the entity does or seeks to do business with Novartis, competes with Novartis or could otherwise have an impact on Novartis.

Such situations could:

- lead to the perception that the Employee might sacrifice Novartis' business interests to benefit the entity on whose boards they would serve, or
- raise questions about whether the Employee is protecting Novartis' confidential information, and/or
- interfere with the ability of the Employee to perform their duties for Novartis due to the time commitment spent on board activities.

All board memberships must be disclosed in the Col tool and may be subject to Legal review.

3.1.4. Joint venture, subsidiaries and other board memberships on behalf of Novartis

Any Novartis Employee appointed by Novartis to serve on the board of a Novartis joint venture, subsidiary or other board membership on behalf of Novartis may be acting as a director of and have fiduciary duties to that external entity.

Employees should be aware of the possibility of Conflict of Interest between their responsibilities as a director of external entity, their role as an Employee of Novartis and the interests of Novartis as a shareholder or grantor.

Employees who have roles with more than one joint venture should also consider whether there are any Conflicts of Interest between those roles. Please consult with Legal for more information regarding such fiduciary duties.

3.2. Personal Financial Interest

Personal investments can create Conflicts of Interest if Employees make decisions for Novartis that concern a company in which they have a personal financial interest.

Therefore, Employees must not conduct Novartis business with any entity in which they or their Closely Related Persons have a substantial interest. Employees must not own, directly or indirectly (through a family member or other Closely Related Person) any stock or other financial interest equal to or greater than 1% in any company which competes with or does (or seeks to do) business with Novartis.

Additionally, a Conflict of Interest may arise where an Employee has an interest in an opportunity or investment in which it is known that Novartis is, or may be, interested. Employees and their Closely Related Persons must not take personal advantage of business opportunities the Employee discovers through their employment without first offering the opportunity to Novartis.

Employees must first disclose the opportunity in writing to their Manager and allow Novartis to decide whether to pursue it before acting for personal gain.

3.3. Family and Personal Relationships

3.3.1. Family and Personal Relationships at Novartis

The employment of Closely Related Persons may raise questions regarding confidentiality, objectivity, fairness and integrity in work relationships. This can negatively impact Novartis' ability to recruit and retain Employees and otherwise diminish Novartis' reputation for ethical and fair conduct.

Employees must not:

- Be in a supervisory, subordinate, or control relationship (e.g., having influence over conditions of employment) with Closely Related Persons. Reporting indirectly to each other or sharing the same direct Manager or reporting structure may also create a potential Conflict of Interest or appearance of a Conflict of Interest and need to be proactively managed.
- Be involved in any hiring/retention decision regarding Closely Related Persons (including internal/external hiring, retention of external service providers/contractors and internal transfers). You may refer a Closely Related Person for hiring. However, you may not participate in or have any influence over the hiring process or the terms of their employment if they are hired.

An intimate or romantic relationship of a Member of the Executive Committee of Novartis (ECN) with any employee must be disclosed to and acknowledged by the Chairman of the Novartis Board of Directors.

An intimate or romantic relationship of an employee Group 8-10 (formerly NTL) with any employee who is a member of their global division/global organizational unit, global function or part of their line of influence must be disclosed to and acknowledged by the ECN member of the respective division, organizational unit or function.

3.3.2. Family and Personal Relationships involving other Companies

While it is not unusual for Employees to have a Closely Related Person who works for a supplier, customer or competitor, such situations often call for extra sensitivity to risks relating to security, confidentiality and Conflicts of Interest. Just because a Closely Related Person becomes a Novartis competitor, business partner or customer does not mean that there is a Conflict of Interest. However, Employees should discuss the relationship with either their Manager, P&O Business Partner, Legal or ERC Partner in case of questions.

In assessing such a situation, among the relevant factors to consider are:

- whether the employee is involved in a Novartis business relationship with the Closely Related Person; and
- the access that each individual has to their respective employer's confidential information.

If you have a Closely Related Person who would like to establish a business relationship with Novartis, you must not participate in or have any influence over the selection process or the terms of the business relationship if the Closely Related Person is selected.

3.3.3. Close Personal Friendships

While the definition of who is a friend is subjective, it is important to be aware that the principles outlined within the Policy apply to all relationships that could potentially influence professional judgement. Personal relationships that could reasonably be considered a close friendship could create a real or perceived Conflict of Interest where they intersect with the Employee's role and duties at Novartis. This is because of the potential for bias, favoritism, or breaches of confidentiality that could arise in relation to an individual with whom you have a close friendship. Employees should avoid situations where such relationships may compromise their or their friend's ability to make independent and fair decisions. This means maintaining

professional boundaries with suppliers, customers and other Novartis business partners to uphold professional integrity and prevent Conflicts of Interest. If a friendship is close enough to reasonably call into question the judgement of either party's decision making, it must be disclosed.

3.4. Gifts, meals, travel, entertainment and other favors

Receiving gifts, meals, hospitality, travel and entertainment can serve important business purposes. However, Employees must be careful to avoid any conduct that would constitute a Conflict of Interest.

Employees must not directly or indirectly solicit or accept from any actual or potential Novartis supplier, customer or competitor:

- Cash or cash equivalents (e.g., stocks, gift certificates, discounts not based on a collective agreement, etc.), irrespective of the value.
- Gifts, unless it is reasonable to believe that accepting the gift does not influence and cannot be perceived as influencing the business judgement of the Employee. Where refusing a gift might reasonably be interpreted as giving offence or causing embarrassment, a gift may be accepted on behalf of Novartis but must be disclosed and the Employee's Manager must determine appropriate disposition.

Meals, hospitality, travel, or entertainment, unless it serves only Novartis' business interests, is accompanied by a representative of the business providing it and does not influence (and cannot be perceived as influencing) the business judgment of the Employee.

3.5. Other situations

It is not possible to list all situations that may give rise to a Conflict of Interest. The situations described above are examples of common Conflicts of Interest and do not represent an exhaustive list. Any other situations that may arise that involve the Employee's personal interests conflicting with the interests of Novartis should be disclosed and addressed in accordance with the general principles of this Policy.

4. Controls

Controls for this document are stored in the Novartis Control Register at 'go/controlregister'.

5. Breach of this document

Breaches of this document will result in remedial, corrective, or disciplinary actions up to and including termination of employment.

Actual or suspected incidents of misconduct are to be reported in line with our *SpeakUp Policy* [3].

Novartis will take steps to ensure confidentiality and prohibits any form of retaliation against an employee who raises in good faith a concern about suspected or actual misconduct through any channel, or who cooperates in an investigation of misconduct.

6. Definitions

Term	Definition
Closely Related Persons	<p>"Closely Related Persons" are the Employee's family members, those living in the same household as the Employee or someone with whom the Employee has a personal relationship of an intimate or romantic nature.</p>
Conflict of Interest	<p>Novartis defines Conflicts of Interest broadly as follows:</p> <ul style="list-style-type: none"> • Actual – arises when there is a real, existing direct conflict between your private interest and your professional duties and responsibilities at Novartis. • Potential – arises when your private interest and your duties at Novartis could come into conflict in the future, or through a likely change of circumstances. If not appropriately declared and managed, it could lead to an actual conflict in future. • Perceived – arises where your private interest could reasonably appear to others as influencing your decisions, actions and business judgement at Novartis, whether this is actually the case.
Disclosure	<p>"Disclosure" means sharing the existence, nature, and all relevant facts of a Conflict of Interest with the Employee's Manager.</p>
Manager	<p>"Manager" refers to the Employee's Operational Manager responsible for the Employee's work from a business or operational perspective.</p>
Employee	<p>Refers to anyone who holds an employment contract or other form of written employment agreement with Novartis.</p>

7. Abbreviations

Abbreviations	Description
Col	Conflict of Interest
ERC	Ethics, Risk & Compliance
P&O	People & Organization
TAS	Talent Acquisition and Staffing

8. References

Reference Number	Document Name
1	Code of Ethics
2	External Speaking Opportunity Guideline
3	SpeakUp Policy