1 Introduction

1.1 Purpose

At Novartis, our goal is to be a leader in Health, Safety and Environment (HSE). We strive to operate responsibly by building a long-term, sustainable business. This goes hand in hand with our purpose of caring and curing.

HSE is a fundamental component of Novartis’ long-term business strategy. We consider HSE implications in the full spectrum of our worldwide healthcare activities with the intent to protect associates, neighbors, patients, business assets, natural resources and the environment. This commitment is part of everything we do, from the moment a scientist begins research, through production and distribution, until our customers and patients use and dispose of the final product.

This Policy addresses the principles and management practices enabling Novartis to be a leader in all aspects of occupational health, safety and environmental protection as stipulated in the Novartis Code of Conduct. It describes Novartis’ approach to minimizing health, safety and environmental risks and impacts. The Policy sets out basic expectations for all associates and is the foundation for following mandatory internal HSE Guidelines.

While HSE is everyone’s responsibility, Management is responsible for implementing and maintaining good health, safety and environmental practices in areas under their control.

1.2 Scope and Applicability

This Policy applies to all associates of Novartis AG and its affiliates (the “Group”). The principles of this Policy apply where Novartis has operational responsibility, i.e. locations operated or controlled by a Novartis company (either owned or rented), and joint ventures in which Novartis bears operational responsibility.

This Policy contains Novartis’ global principles and management practices, and is aligned with applicable laws and industry codes, such as the international management standards for environment (ISO 14001) and occupational health and safety (OHSAS 18001).

This Policy is to be implemented globally throughout the Group, with amendments as required by local law or regulations where these are more stringent.

2 Principles and Rules

2.1 We strive for sustainability

Our company culture considers protecting the health and safety of associates, neighbors, and others affected by our business activities and protecting the environment to be core values that are treated with equal importance with our other key business objectives.

While Management is responsible for implementing and maintaining good health, safety and environmental practices and leading by example (e.g. by demonstrating safe, healthy and environmentally responsible behavior), associates need to understand and respond to HSE matters with equal importance to other key business objectives. Associates are expected to perform their duties at all times with a sense of social responsibility.
2.1.1 Definitions

| HSE | Health, Safety and Environment (HSE) deals with occupational health, occupational safety and environmental protection, including, but not limited to, health promotion and protection, biosafety, process safety, chemical safety, fire safety and transportation safety, reduction of emissions to air and water, minimization of waste and the conservation of natural resources, water and energy. |
| Associates | Associates referred to in this Policy are all persons who work on Novartis premises, including third party personnel, and Novartis associates working outside Novartis premises e.g. sales representatives. |

2.2 We care about the health and safety of our associates

We promote programs to maintain and improve the health and well-being of our associates, including, but not limited to, providing tobacco-free worksites worldwide where legally possible.

Associates are encouraged to take advantage of voluntary health programs and to adopt healthy behavior, such as:
- committing to exercising regularly
- adding additional movement into daily routines
- making healthy food choices
- participating in health screenings
- where available taking advantage of employee assistance and return-to-work programs.

Management is expected to support associates in their efforts to lead a healthy lifestyle.

We provide our associates with safe working conditions, and strive to protect them from potential health hazards and injuries. A risk assessment such as a Process Risk Analysis or Workplace Health Risk Assessment must be carried out before any potentially hazardous work is conducted.

Management is responsible for facilitating risk assessments and developing protective measures in cooperation with the associates. Associates must familiarize themselves with local safety requirements and respect them. Examples are:
- wearing adequate personal protective equipment, when required
- respecting safety warning signs and alarms
- taking part in training and observation programs e.g. mandatory site safety training, driver safety training, and behavior based safety program
- reporting unsafe acts, conditions and safety risks.

Associates are expected to look out for their fellow colleagues and make them aware of any unsafe behavior.

2.3 We care for the environment

We strive to use natural resources responsibly and to minimize the environmental impact of our activities as well as the impact of our products over their entire life cycle. This includes
maximizing energy efficiency in our operations as part of our overall climate change goals, as well as applying sustainable packaging and green chemistry where feasible in our research, development and manufacturing activities.

Associates should do their best to minimize their environmental footprint in daily work, including applying the hierarchy of waste prevention measures (avoid, reduce, recycle and reuse of all materials). Examples include:

Efficient use of energy
- Associates should always consider the most efficient use of energy and seek opportunities to reduce energy consumption at their workplaces. This includes switching off lights and office/laboratory equipment when not in use.
- Quality and facility managers should consider the efficient use of energy when establishing and managing clean room and other room condition set points (i.e. temperature, humidity and air change rates) within the acceptable ranges based on regulatory or compliance standards.
- Projects are reviewed for energy efficiency and use of renewable energy. Preference is given to investment projects improving energy efficiency with payback over the lifetime.

Reduction of greenhouse gas emissions
- Associates should whenever possible minimize travel and choose video or teleconferencing options when available and acceptable by the business.
- Sales associates should choose fuel-efficient cars and drive them safely and eco-efficiently to save fuel and minimize CO2 emissions.

Recycling or minimization of waste
- Associates should avoid creating waste and use recycling options wherever local recycling schemes are in place. They should consider the environment before printing e-mails, e-mail attachments or other working documents.
- Packaging designers should consider simplified or smaller size packages, as well as environmentally benign materials.
- Process developers should incorporate techniques to reduce and recycle solvents.
- Production associates should seek opportunities to reduce intermediates and active substances in waste water discharges.

Efficient use of water
- Associates should always consider the best use of water and identify possibilities to reduce water usage at the workplace.

2.4 We consider HSE implications in the development of products and technologies

Associates are expected to follow a clear process, which includes state-of-the-art HSE risk analysis and impact assessments as relevant to ensure the benefits outweigh any residual risks to our business activities, processes, patients and the environment.

Associates should ensure that HSE considerations are integrated into product and process development, procurement, manufacturing, and in capital projects at an early stage.

Associates should include green chemistry in product development processes and integrate sustainable packaging into packaging design processes.

We engage in scientific peer review, and consider the benefits and risks of innovation in a structured, scientific and transparent manner.
2.5 We build a network of responsible business partners

Third Party suppliers are expected to meet the HSE expectations in the Novartis Supplier Code, which is based on international standards and accepted good practices where no standards exist.

2.6 We comply with local laws and regulations, and conform to internal requirements

Management establishes Novartis HSE Guidelines, and regularly conducts audits and management system reviews to ensure conformance with these Guidelines as well as compliance with applicable local laws and regulations.

Sites are encouraged to be certified according to recognized global standards (e.g. ISO14001 and OHSAS18001).

Associates participate in industry networks to exchange best practices.

2.7 We strive for continual improvement in our HSE management systems and performance

Management sets annual objectives and targets, regularly measures performance against them, and associates are expected to take early action if deviations occur. Associates are committed to honest reporting of HSE key performance indicators.

We draw lessons learned from accidents and events, and we use them to raise and improve our standards and communicate these in order to prevent recurrence.

Associates assess and mitigate HSE risks related to new products, processes and technologies to ensure their benefits outweigh inherent risks. These assessments are periodically reviewed in the light of new concerns or evidence, and include external benchmarking with relevant industry standards.

2.8 We educate and engage with associates to enable active participation in HSE efforts

HSE competence is ensured through appropriate recruitment, training and development. Associates are responsible for ensuring their commitment and participation. They also commit to understanding their HSE accountabilities and responsibilities and to carry them out to the best of their abilities.

Management is expected to take seriously any HSE related concerns that are raised in order to improve our HSE performance.

2.9 We communicate transparently

We openly communicate HSE results internally and externally, e.g. on Novartis web and in the Novartis Annual Report. We report our HSE performance transparently according to best-in-class international reporting initiatives. Emphasis is placed on recognizing and addressing any community and stakeholder concerns about HSE matters.

2.9.1 References

- Corporate HSE Guidelines and Guidance Notes, including supporting tools
- Novartis Procurement Policy
- Novartis Supplier Code
3 Implementation

3.1 Training

Associates are expected to familiarize themselves with this Policy and participate in HSE training sessions which are held periodically at their locations.

3.2 Reporting Potential Misconduct/Non-Retaliation

Associates are expected to strictly observe relevant laws and regulations, as well as the Guidelines and procedures applicable to Novartis. Any associate who learns of a potential violation of applicable laws or this Policy is required to report their suspicion promptly in accordance with the section of the Novartis Code of Conduct entitled 'How to report potential misconduct'.

Anyone who reports a possible violation of applicable laws or this Policy will be protected from retaliation in any form.

3.3 Breach of this Policy

Breaches of obligations contained in this Policy will not be tolerated and can lead to disciplinary and other actions up to and including termination of employment.

3.4 Exceptions

There are no exceptions granted to this Policy. If there are changes in the state-of-the-art in any field of HSE that would make a change of the Policy necessary, Corporate HSE will facilitate such a change.

3.5 Entry into Force and Implementation

It is the responsibility of every Novartis manager to implement this Policy within his or her area of functional responsibility, to lead by example, demonstrating safe, healthy and environmentally responsible behavior, and to provide guidance to associates reporting to him or her.

3.6 Monitoring

Aspects of HSE performance are reported monthly using a global data management system; these are monitored globally by Division and Corporate HSE.

Furthermore divisional quarterly HSE reviews and corporate annual HSE reviews are carried out by the HSE Management.

Locations are audited periodically according to their HSE risk profile. Audit results are reported to the Novartis HSE Steering Committee, with summaries to the Executive Committee Novartis and to the Audit and Compliance Committee of the Board.

3.7 Policy Owner

The owner of this HSE Policy is Corporate HSE.