

Group Integrity
& Compliance

Anti- Bribery Policy

Novartis Global Policy

1. Introduction

1.1 Purpose

Our Code of Conduct states that we do not bribe anyone. This Policy sets forth the respective principles and rules and how they must be implemented.

1.2 Scope and Applicability

This Policy applies to all Associates*.

This Policy addresses a variety of contexts in which bribery issues may arise. Other aspects of business ethics and corruption, including conflicts of interest and passive bribery (e.g. receipt of a bribe) as well as insider trading, are regulated separately.

This Policy contains Novartis global standards. In some countries, more stringent applicable laws, regulations or industry codes supersede the principles set out in this Policy. Divisions and local Novartis organizations may also establish more restrictive practices.

This Policy enters into force as of July 1, 2016, and must be implemented by all Novartis affiliates (taking into account local legal considerations). It replaces the previous version of the Anti-Bribery Policy dated March 1, 2012.

*Directors, officers, managers, and employees of Novartis AG and its affiliates

2. Principles and Rules

2.1 Basic Rules

Principles and Rules

Associates must not bribe and they must not use intermediaries, such as agents, consultants, advisers, distributors or any other business partners to commit acts of bribery.

Novartis does not distinguish between public officials and private persons so far as bribery is concerned: bribery is not tolerated, regardless of the status of the recipient.

Always ask yourself before offering, giving, or promising anything of value to any person if what you are considering could be viewed as having an illegitimate purpose. If the answer is yes, you must not proceed.

If you are in any doubt, consult a legal or compliance representative before proceeding.

Definitions

Bribery means offering, giving or promising (or authorizing someone to offer, give, or promise) an improper benefit, directly or indirectly, with the intention of influencing or rewarding the behavior of someone to obtain or retain a commercial advantage.

Bribery can take a variety of forms – offering or giving money or anything else of value. In fact, even common business practices or social activities, such as the provision of gifts and hospitality, can constitute bribes in some circumstances.

Situations when Associates receive, agree to receive, request or accept a financial benefit or anything else of value are regulated by the Conflicts of Interest Policy.

References

- Novartis Anti-Bribery Third Party Guideline
- Novartis Conflicts of Interest Policy

2.2 Gifts, Hospitality, and Entertainment

Principles and Rules

Gifts, hospitality, and entertainment must be modest, reasonable and infrequent so far as any individual recipient is concerned.

Gifts, hospitality, and entertainment must never be promised, offered, or provided with the intent of causing the recipient to do something favoring Novartis, to reward such behavior, or to refrain from doing something disadvantaging Novartis.

Cash and gifts that are cash equivalent (e.g., shopping coupons) must never be given.

Do not provide entertainment to any participant to Novartis business meetings, congresses or comparable events, unless the entertainment is an appropriate and incidental part of such events. Do not pay for any side or extended trips.

Do not pay for the entertainment, hospitality, or travel costs of anyone who accompanies an invitee to a Novartis business meeting, congress, or comparable event. In situations where an invitee is unable to travel alone (e.g., patients or minors), travel costs for an accompanying

person (e.g., caregiver) can be paid for provided that the rationale for this support is legitimate, documented, and considers applicable data privacy requirements.

Before giving a gift or providing hospitality or entertainment to anyone, consider whether the reputation of Novartis, yourself, or the recipient is likely to be damaged if news of the gift, hospitality, or entertainment appeared on the front page of a newspaper. If this would embarrass either Novartis or the recipient, do not proceed.

Definitions

Gifts are benefits of any kind given to someone as a sign of appreciation or friendship without expectation of receiving anything in return. They include 'courtesy gifts', which are small gifts given at culturally recognized occasions (e.g., weddings, funerals) or special times of the year (e.g., Christmas, New Year).

Hospitality generally includes refreshments, meals, and accommodation.

Entertainment generally includes attendance at plays, concerts, and sports events.

References

- Principles & practices for professionals (P3)

2.3 Grants, Donations and Sponsoring

Principles and Rules

Grants and donations may only be given if Novartis does not receive (and is not perceived to receive) any tangible consideration in return. At the same time, grants and donations must never reward (or be perceived to reward) any tangible consideration.

Requests for grants or donations must be handled with special caution, in particular those from requesters who are able to affect the sales of Novartis or may benefit personally if the request is granted. For instance, grants or donations must not be given to obtain a marketing authorization or any other approval, or to directly increase the sales of a Novartis product in return.

Sponsoring must not be used (or perceived to be used) to receive an improper commercial advantage in return. At the same time, sponsoring must never reward (or be perceived to reward) an improper commercial advantage.

Grants, donations, and sponsoring may not be provided to individuals.

Definitions

Grants and donations are benefits given by Novartis in the form of money and/or in-kind contributions (e.g., the supply of a Novartis product for free or at a reduced price).

Novartis provides grants and makes donations for a variety of legitimate purposes, including funding research or measures to improve health care systems and supporting charitable projects.

The main difference between grants and donations is that grants are given for a specific purpose (e.g., research or education) while donations address humanitarian needs, including emergency and natural disaster situations (e.g., earthquake).

Sponsoring is an agreement with a reputable non-healthcare institution or company under which the institution or company will, for payment, take measures to enhance the general image or reputation of Novartis.

References

- Principles & practices for professionals (P3)
- Sponsoring and Donations Review and Approval Procedure
- Management Authorization Levels, also known as MALs

2.4 Rules Relating to Public Officials

Principles and Rules

Novartis does not distinguish between public officials and employees of private sector organizations so far as bribery is concerned; however, it is important to recognize that public officials are often subject to rules and restrictions that do not apply to persons who operate in the private sector.

Any relationship with public officials must be in strict compliance with the rules and regulations to which they are subject (i.e., any applicable rules or regulations in the particular country relating to public officials or that have been imposed by their employer) and any benefit conveyed to a public official must be fully transparent, properly documented, and accounted for.

Definitions

The term 'public official' has been extensively interpreted by regulators and includes

- Any elected or appointed officer or employee of a government or government department, government agency, or of a company owned or partially owned by a government
- Any elected or appointed officers or employees of public international organizations, such as the United Nations
- Any person acting in an official capacity for or on behalf of a government or a government department, government agency, or of a public international organization
- Politicians and candidates for a political office
- Any other person who is considered to be a public official according to applicable laws, regulations and industry codes

Medical and scientific personnel qualify as public officials when they work at a hospital, clinic, university or other similar facility owned or partially owned by a government.

In some countries, doctors, pharmacists, clinical trials investigators, and nurses are public officials irrespective of whether they are working at a government institution.

2.5 Political Contributions

Principles and Rules

Generally, Novartis does not make political contributions. However, since public policy issues impact Novartis business, its employees, and the communities in which Novartis operates, in certain cases it may be appropriate to use its resources to make political contributions. For instance, Novartis may seek to support candidates, committees, or other organizations that are committed to economic development, recognize the importance of healthcare innovation, and improve patient access to therapies.

Political contributions must never be made with the expectation of a direct or immediate return for Novartis.

Novartis may make political contributions only where these are part of the political culture in a country and are seen as part of the corporate social responsibility of corporations.

Political contributions must meet all of the following requirements:

- Compliant with applicable laws, regulations, and industry codes
- Covered by a separate budget position, approved in the ordinary budget process
- Approved in advance by the relevant Novartis Country President

Definitions

Political contributions are monetary or non-monetary (e.g., resources, facilities) contributions to support political parties, politicians or political initiatives.

2.6 Lobbying

Principles and Rules

Novartis engages in lobbying activities to provide policy makers with data and insights to enable widely informed decision-making conducive to improving patient outcomes and sustainable business.

Lobbying should not be misused for any corrupt or illegal purposes, or to improperly influence any decision. Relevant functions (e.g., Public & Government Affairs) provide guidance on how lobbying should be conducted based on the values of transparency, honesty and integrity.

Definitions

'Lobbying' describes interactions with policy makers and other external stakeholders with the intent to represent Novartis' perspective in the policy making process. Active contribution to policy making is an integral part of the democratic process and a legitimate activity as it enables the representation of different societal interests.

References

- Code of Conduct
- Internal Guidance on Lobbying
- Novartis Anti-Bribery Third Party Guideline

2.7 Facilitation Payments

Principles and Rules

Novartis prohibits facilitation payments, irrespective of whether local law permits facilitation payments.

Definitions

Facilitation payments are payments to public officials to expedite the performance of duties of a non-discretionary nature. These payments are intended to influence only the timing of the public officials' actions (e.g., payments to expedite the issuance of a visa or clearing goods through customs), but not their outcome.

2.8 Third Parties

Principles and Rules

Novartis must only engage Third Parties if all of the following requirements are met:

- There is a legitimate need for the services or the goods that they provide
- The services and goods are priced at no more than market value
- The Third Party is suitable from an anti-bribery perspective after assessment in a robust Due Diligence process
- There is a written contract or other written document with a similar legal effect (e.g., Purchase Order)

The receipt of services or goods must be documented and in line with the requirements stipulated in Section 2.10 of this Policy.

Engagement of Third Parties – including healthcare professionals – must never be used to create an incentive, or to reward or to secure any improper business advantage for Novartis.

Definitions

A Third Party is any natural person or legal entity with whom Novartis interacts and who poses, due to the nature of their business, a particular level of bribery risk. Novartis affiliates and Associates are not considered Third Parties in this Policy.

References

- Novartis Anti-Bribery Third Party Guideline
- Anti-Bribery Guideline for New Businesses and Joint Ventures

2.9 New Business and Joint Ventures

Principles and Rules

Before entering into an agreement for new business or entering into a joint venture, adequate anti-bribery due diligence must be completed. In addition, a remediation plan should be developed and implemented to address identified issues.

Definitions

New business means any transaction involving the takeover or acquisition of all or any part of a third party or business, or the merger of a Novartis business with another company or business.

Joint venture means any type of joint agreement or arrangement between Novartis and one or more third parties to own and operate an enterprise as a separate business for the mutual benefit of Novartis and the third party or parties.

References

- Anti-Bribery Guideline for New Business and Joint Ventures

2.10 Books and Records/Internal Controls

Principles and Rules

Novartis must prepare and maintain books and records that accurately and in reasonable detail document the source and use of Novartis revenues and assets.

'Off-the-books' accounts and false or deceptive entries in Novartis books and records are strictly prohibited. All financial transactions must be documented, regularly reviewed and properly accounted for in the books and records of the relevant Novartis entity.

All relevant financial controls and approval procedures must be followed.

The retention and archive of Novartis records must be consistent with Novartis standards and tax and other applicable laws and regulations.

Definitions

Books and records include accounts, invoices, correspondence, papers, CDs, tapes, memoranda and any other document or transcribed information of any type.

References

- Management Authorization Levels, also known as MALs
- Novartis Financial Controls Manual
- Novartis Accounting Manual

3. Implementation

3.1 Training

Associates must familiarize themselves with this Policy. Associates must be trained per the Novartis-wide compliance training curriculum. Local Novartis organizations may define additional training requirements.

Training requirements for Third Parties are defined by the Novartis Anti-Bribery Third Party Guideline.

External contractors and external service providers other than Third Parties shall be trained according to the Framework Guideline.

3.2 Reporting Potential Misconduct/Non-Retaliation

Any Associate who learns of a potential violation of applicable laws or this Policy is required to report his or her suspicion promptly in accordance with the section of the Novartis Code of Conduct entitled 'How to report potential misconduct.'

See <http://www.novartis.net/Pages/CodeOfConduct/Index.aspx>.

Associates who, based on good faith, report potential misconduct or who provide information or otherwise assist in any inquiry or investigation of potential misconduct will be protected against retaliation.

3.3 Breach of this Policy

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

3.4 Exceptions

No exceptions can be granted from compliance with applicable laws, regulations and industry codes.

The Chief Ethics & Compliance Officer and Head Litigation together with the Group General Counsel decide on anti-bribery related matters not addressed by this Policy.

3.5 Responsibilities and Implementation

It is the responsibility of every Novartis manager to implement this Policy within his or her area of functional responsibility, lead by example, and provide guidance to the Associates reporting to him or her. Novartis managers must also seek to structure incentives and conduct performance assessments accordingly.

All Associates are responsible for adhering to the principles and rules set out in this Policy.

The owner of this Anti-Bribery Policy is Group Integrity & Compliance.