Novartis Tax Policy Statement
December 2018

Introduction
As part of the discussion on corporate social responsibility, there has been growing interest by stakeholders in the tax policies and principles of multi-national corporations. The aim of this document is to provide transparency for our stakeholders to ensure a proper understanding of the way Novartis approaches tax policy matters.

Tax Governance
Tax is a core part of corporate responsibility and governance of tax is overseen by the board of directors. Where appropriate, tax risks are escalated to the board for review and tax decisions are presented to the board for endorsement.

The Novartis tax governance framework, which has been approved by the Finance and Governance Committee chaired by the CEO, ensures that controls are in place to monitor and enforce adherence to the tax governance rules and procedures at all levels of the Novartis organization.

Compliance
Novartis is committed to observing all applicable laws, rules and regulations in meeting its tax compliance and reporting responsibilities in all jurisdictions where Novartis operates, and to ensuring compliance with all relevant legal disclosure requirements.

Novartis applies diligent professional care and judgement, including ensuring that all decisions are taken at an appropriate level and are supported by consistent processes and guidelines and thorough documentation.

Tax planning
Novartis pays its fair share of taxes in the countries where it operates, and considers this a part of its contribution to society. Novartis does not undertake aggressive tax planning or artificial tax arrangements.

Novartis maintains and follows a transfer pricing policy that is based on OECD Transfer Pricing Guidelines and on the Base Erosion and Profit Shifting (“BEPS”) Project deliverables.
In particular, we adhere to the principle that profits should accrue where economic value is created and that tax follows business reality and is underpinned by business substance.

Transparency
Novartis is committed to a collaborative and transparent approach to tax compliance and tax planning, including in our relationships with tax authorities.

Novartis prepares a report that details the taxes paid in each country where we operate. This country-by-country report is lodged with the Swiss Tax Authorities and made available to other tax authorities under the protocols for the automatic exchange of tax information.

Novartis also publishes a list of all of its principal subsidiaries and associated companies on an annual basis in its 20-F filing to the SEC and in the Novartis Annual Report.