

# Conflicts of Interest Guideline

## Novartis Global Guideline

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# 1. Introduction

## 1.1. Purpose

The 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.

This global Conflicts of Interest Guideline builds on our [Code of Ethics](#) commitment to ensure that our personal interests do not influence our business judgement or decision-making. Associates are encouraged to use the [Decision Explorer](#) to pause, reflect and identify biases when making ethical decisions and reconsider their thinking before making a final decision.

We must handle conflict of interest situations in a professional and ethical manner to avoid that conflicts of interest damage 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.

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.

## 1.2. Scope and Applicability

### 1.2.1. Scope

This Guideline applies to all Novartis Associates globally.

### 1.2.2. Applicability

This guideline contains Novartis global standards. In some countries, more stringent applicable laws and regulations may supersede the principles set out in this guideline.

## 1.3. Roles and Responsibilities

Role	Responsibility
All Associates	<ul style="list-style-type: none"><li>All Associates are responsible for understanding and adhering to the principles set out in this Guideline.</li><li>Associates are required to identify situations that are or could be perceived to be a conflict of interest and to avoid them wherever possible. It is the Associate's responsibility to disclose conflicts of interest situations as soon as they arise and ensure that they complete any agreed upon actions to eliminate or mitigate the conflict of interest.</li></ul>
Managers	<p>Managers should strive to create an environment where Associates feel safe to discuss and disclose any potential conflicts of interest. They are expected to:</p> <ul style="list-style-type: none"><li>Lead by example, demonstrating compliance with this Guideline at all times</li><li>Inform their Associates about this Guideline and the importance of it</li><li>Treat the information disclosed by the Associate with appropriate confidentiality and without bias</li><li>Serve as primary point of contact for Associates and provide guidance with respect to conflicts of interest</li></ul>

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- Respond swiftly when they receive a disclosure and treat the Associate's disclosure sensitively, respecting privacy concerns in particular
  - Evaluate risks to Novartis of disclosed conflicts of interest and decide on actions needed to ensure disclosed conflicts of interest risks are addressed appropriately, including involving P&O, Legal or ERC in addressing a disclosed conflict as required.
  - Have a continual dialogue and support mitigation actions/plans and ensure that the conflict of interest is remediated.
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#### **ERC and P&O**

ERC and P&O are jointly responsible for:

- Providing clarity and guidance to Associates and Managers as needed regarding this Guideline.
  - Ensuring the proper implementation and monitoring the execution of this Guideline.
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## **2. Principles**

### **2.1. Identify conflicts of interest**

Associates are expected to recognize when they potentially have, or could be perceived as having, a conflict of interest.

A conflict of interest arises when Associates 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.

If Associates are in doubt about whether there is a conflict of interest, they should consult their operational Manager, P&O Business Partner, Legal or ERC Partner for guidance.

### **2.2. Avoid conflicts of interest**

Novartis respects Associates' rights and choices and does not wish to interfere with their personal lives. However, as part of their employment with Novartis, Associates have a contractual obligation of loyalty to Novartis.

Accordingly, Associates should avoid conflicts of interest with their work at Novartis wherever possible.

### **2.3. Disclose conflicts of interest**

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

Associates are therefore required to disclose to their Operational Manager any actual, potential or perceived conflicts of interest in the online Conflicts of Interest disclosure tool (CoI Tool)<sup>1</sup> which can be accessed through this link: [go/coi](#).

Disclosure must take place as soon as the Associate identifies that they may be in a conflict of interest situation. When circumstances change, existing disclosures may no longer be accurate or complete. Associates must ensure that any disclosures made are updated to reflect the current status.

Associates are required on an annual basis to provide an attestation in the CoI Tool<sup>1</sup> that they have disclosed all conflicts of interest or that they do not have any conflict of interest.

Talent Acquisition and Staffing (TAS) should 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 should be discussed with and addressed by the Hiring Manager before an offer of employment is made.

## 2.4. Address conflicts of interest

Disclosing a conflict of interest alone is not sufficient. Every conflict must be addressed together with the Operational Manager in order to eliminate or reduce the associated risks. Most conflicts of interest can be addressed in a simple and mutually acceptable manner through pro-active, open dialogue between Associates and their Manager.

Novartis expects the Operational Manager to:

- Assess the conflict of interest situation disclosed by the Associate, and fairly evaluate options to address the conflict.
- Consult the P&O Business Partner, Legal and/or ERC Partner in addressing the conflict depending on the category of conflict of interest as described below

Types of conflicts of interest	Involved for review
External Mandates	Legal
Outside employment & Outside Business	P&O Business Partner
Other external engagements	ERC Partner
Family and personal relationships	P&O Business Partner
Personal financial interests	ERC Partner
Gifts, meals, travel, entertainment and other favors	ERC Partner
Other situations not listed above	ERC Partner

- 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 Associate are protected as far as possible.
- Communicate the decision and its reasoning to the Associate and follow up to ensure the Associate understands and complies with it
- Retain documentation of these decisions and actions through the Conflicts of Interest disclosure tool (or paper-based form where the online system is not in place). In the latter situation, provide a copy of the documentation to the Associate.

<sup>1</sup> 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.

## 3. Types of Conflicts of Interest

The following section lists some common types of conflicts of interest. They are divided into the following main categories:

- 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 Associates 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.

Associates should not have any kind of paid or unpaid engagements with a Novartis supplier, customer or competitor, unless it clearly does not influence and cannot be perceived as influencing their business judgment or it is expressly requested by Novartis and is documented accordingly.

Additionally, Associates must avoid taking up external engagements – whether or not involving a business partner, competitor or customer – which could:

- Entail the use of working time or company resources unless it is requested or supported by Novartis (e.g., a NVS Volunteering or Pro Bono Program)
- Require the use or disclosure of Company confidential information.
- Adversely affect or appear to affect the objectivity of the Associate in performing their duties at Novartis.
- Conflict with Novartis' mission or values or otherwise negatively impact the reputation of Novartis.

A conflict of interest could also arise when an associate 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. Associates must inform their Operational Manager for approval prior to accepting any such position.

#### 3.1.2. Giving paid speeches and other presentations

Giving paid speeches and other presentations may raise conflict of interest concerns. Specifically, they could:

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

Before accepting an offer to give a paid speech or other presentation, Associates must take all reasonable steps to mitigate such risks and receive written approval as per the Novartis External Communications Policies and Guidelines.

[Novartis External Communications Policies and Guidelines](#)

### 3.1.3. External Mandates

External Mandates are any mandates that Associates hold in 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 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 Associate might sacrifice Novartis' business interests to benefit the entity on whose boards they would serve or
- raise questions about whether the Associate is protecting Novartis' confidential information or
- interfere with the ability of the Associate to perform their duties for Novartis due to the time commitment spent on board activities.

Before taking up an external mandate, Associates should consult with their Operational Manager. The Operational Manager may align with the Company Manager (if different) and the Functional Manager (if applicable) before providing the sign-off decision.

## 3.2. Personal Financial Interests

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

Therefore, Associates must not conduct Novartis business with any entity in which they or their Closely Related Persons have a substantial interest. Associates must not own (directly or indirectly) 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 Associate has an interest in an opportunity or investment in which it is known that Novartis is, or may be, interested. Associates must not take opportunities, for themselves or their closely related persons that are discovered through the use of corporate property, information or position without first offering the opportunity to Novartis.

Associates must first disclose the opportunity to their Manager and offer the opportunity to Novartis if Novartis could reasonably be expected to have an interest in the opportunity or investment, before they or their closely related persons act on the opportunity for personal benefit.

## 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 Associates and otherwise diminish Novartis reputation for ethical and fair conduct.

Associates must not:

- Be in a supervisory, subordinate, or control relationship (e.g., having influence over conditions of employment) with Closely Related Persons.
- Be involved in any hiring/retention decision regarding Closely Related Persons (including internal/external hiring, retention of external service providers/contractors and internal transfers).



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

An intimate or romantic relationship of a Novartis Top Leader (NTL) with any Associate who is a member of the NTL's global division/global organizational unit, global function or part of their line of influence must be disclosed to and approved 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 Associates 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, Associates 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 Associate 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.

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

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

Associates 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.);
- 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 Associate. 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 Associate'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 Associate.

### 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 conflict of interest situations and do not represent an exhaustive list. Any other situations that may arise that involve the Associate's personal interests conflicting with the interests of Novartis should be disclosed and addressed in accordance with the general principles of this guideline.

## 4. Internal Controls

The related internal controls to this process will be stored in the Novartis Internal Control Register and can be accessed by typing Go/controlregister in your Internet browser.

## 5. Implementation

### 5.1. Training

Associates must familiarize themselves with this Guideline and participate in periodically held training sessions. Managers should additionally be trained on their specific responsibility to evaluate and effectively address conflicts of interest.

### 5.2. Reporting Potential Misconduct/Non-Retaliation

Any Associate with knowledge of suspected misconduct must report his or her suspicion promptly in accordance with the SpeakUp Office process.

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

## 6. 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.

## 7. Definitions

Term	Definition
<b>Closely related persons</b>	<ul style="list-style-type: none"><li>“Closely related persons” are the Associate’s family members, those living in the same household as the Associate or someone with whom the Associate has a personal relationship of an intimate or romantic nature.</li></ul>
<b>Conflict of Interest</b>	Novartis defines “Conflicts of Interest” broadly as following: <ul style="list-style-type: none"><li>Actual conflicts of interest - the Associate currently faces a real, existing conflict of interest situation or the conflict of interest situation has already occurred e.g. an associate accepts a gift from a supplier during the bidding process and then selects the supplier to provide goods and/or services to Novartis</li><li>Potential conflicts of interest - the Associate is in a situation that is not yet a conflict of interest but based on likely future developments may turn into one e.g. the brother of an Associate is being considered for a position in Novartis – a decision over which the Associate has some influence</li><li>Perceived conflicts of interest - the Associate is in a situation that may appear to others to be a conflict of interest, even if this is not the actual case e.g. invitation to speak at an industry event, at no cost to Novartis, which includes meals, travel and entertainment</li></ul>
<b>Disclosure</b>	<ul style="list-style-type: none"><li>“Disclosure” means sharing the existence, nature, and all relevant facts of a conflict of interest with the Associate’s Manager.</li></ul>
<b>Manager</b>	<ul style="list-style-type: none"><li>“Manager” refers to the Associate’s Operational Manager responsible for the Associate’s work from a business or operational perspective.</li></ul>

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<b>Associates</b>	<ul style="list-style-type: none"><li>“Associates” refers to officers, managers, and employees of Novartis AG and its affiliates</li></ul>
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## 8. Abbreviations

<b>Abbreviation</b>	<b>Description</b>
<b>ERC</b>	Ethics, Risk & Compliance
<b>P&amp;O</b>	People & Organization

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