



Corporate Responsibility Overview

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About Novartis

Novartis is the only healthcare company with leading positions in pharmaceuticals, eye care, generic medicines, vaccines and diagnostics, as well as consumer and animal health products. Our medicines reach more than 1 billion people around the world every year.

Novartis is headquartered in Basel, Switzerland. Novartis Group companies employ approximately 130 000 associates who are citizens of more than 150 nations. We operate in more than 140 countries around the world.

About Corporate Responsibility at Novartis

We aim to improve global health. Through our business, we make an important contribution to society: We discover and develop innovative medicines and vaccines. Novartis collaborates with others to help address some of the world's greatest health challenges. We focus our corporate responsibility work on two areas that underscore our mission of caring and curing.

Expanding access to healthcare. We work to control and eliminate diseases such as malaria and leprosy, pioneer new business approaches to reach underserved patients, and find new treatments and adaptive solutions to improve health in developing countries. In recent years, these efforts have reached more than 100 million people annually.

Doing business responsibly. This is a core part of Novartis. We care for our associates, strive to positively contribute to the communities where we live and work, and protect the environment. We conduct business ethically, maintaining a Code of Conduct and governance system to ensure our associates uphold our values.

The **Novartis Corporate Responsibility Steering Committee** guides this work. The panel is a decision-making body that **advises the Executive Committee of Novartis and the Board of Directors** on executing a coordinated corporate responsibility strategy. Its members have operational responsibilities in all divisions and major functions of the company.

For more information, please visit:
www.novartis.com/corporate-responsibility

Expanding access to healthcare

We work to expand access to healthcare everywhere, tailoring our programs to meet the unique needs of different parts of the world.

We strive to **expand access to healthcare in developing countries**. We set prices to reflect local economic realities, and we address key public health needs through access programs, such as selling malaria treatments without profit to governments of countries where malaria is endemic or providing free leprosy treatment. When patents expire, generic medicines become another way to help expand access to medicines. Novartis is the only major healthcare company with a leadership position in both patented and generic medicines.

Access to healthcare can be a problem even in developed countries. Sometimes insurance plans don't cover prescription medicines. Or an economic crisis radically changes the way people live, as recent years have shown. So Novartis constantly looks for alternative ways to help. In the US, for example, we work with the Partnership for Prescription

Assistance to connect uninsured people with the right program to help them get the medicines they need, often for free.

Nearly all countries face a similar problem: How to deliver better quality healthcare, to more people who are living longer, all in a time of economic uncertainty. Medicines can help, but only if people can actually get them. So Novartis works to **strengthen healthcare systems** by combining its scientific expertise with on-the-ground experience. In the developing world, this can mean training health workers, helping prevent medicine stockouts and offering health education to families. In developed countries, this can include studying treatment protocols of different countries to share best practices. Whatever a country's healthcare system looks like, our goals for expanding healthcare access are the same everywhere: Controlling and eliminating diseases, pioneering new ways of doing business to reach underserved people, and finding new treatments for unmet medical needs.

A company of 'firsts'

- First company to **distribute its antimalarials without profit** to endemic countries
- Among first healthcare companies to declare it would **not patent medicines in the world's poorest countries**
- First vaccine manufacturer to create a **not-for-profit vaccines research institute** – the Novartis Vaccines Institute for Global Health
- First healthcare company to **sign the UN Global Compact**, the world's largest corporate responsibility initiative
- First company to use social marketing to **create demand for leprosy diagnosis and treatment**
- Among first global companies to **pay all associates a living wage**



Controlling and eliminating diseases

All leprosy patients in the world can receive free treatment from Novartis. We've extended our collaboration with the World Health Organization (WHO) to help end leprosy, an ancient disease that carries an intense social stigma. More than 5 million leprosy patients have received free treatment from Novartis through the WHO since 2000. Novartis will continue to provide free medicines through 2020. To complement this donation and further curb the incidence of leprosy, the Novartis Foundation for Sustainable Development (NFSD) is exploring new ways to achieve zero transmission of the disease.

Every second, Novartis delivers three malaria treatments. Over the past decade, the **Novartis Malaria Initiative** has become one of the healthcare industry's largest access-to-medicine programs, delivering more than 600 million antimalarial treatments without profit, including 200 million

Three Novartis malaria treatments delivered **every second**

850 000 people expected to receive **free leprosy treatments** by 2020

Medical missions expanded access to **eye care** for **+700 000 patients**

pediatric treatments. Novartis is expanding its commitment by joining the global charity Malaria No More's Power of One campaign (www.po1.org) and donating medicines to treat up to 3 million children with malaria through 2015. This donation will match the treatments purchased by the public, doubling their impact.

The Novartis generics division Sandoz has a long history of **fighting tuberculosis**, which infects someone every four seconds. In fact, in the 1960s, a Sandoz predecessor company created the cornerstone of modern TB treatment, and Sandoz is today the main provider of TB drugs to the WHO.

Medicines alone are not enough to eliminate diseases; **the quality and affordability of healthcare are crucial.** NFSD works with partners in Mali and Tanzania to improve the quality of health services with assessment tools. The foundation also strengthens community health insurance, women's saving groups and income-generating activities, helping enhance people's ability to pay for healthcare.

We established the first global direct-to-patient access program. The Glivec International Patient Assistance Program (GIPAP) helps patients receive **treatment for two rare cancers**: CML, or chronic myeloid leukemia, and GIST, or gastrointestinal stromal tumors. The program has become one of the world's most far-reaching patient assistance programs, active in over 80 low- to middle-income countries. Our partner, The Max Foundation, also provides patients with emotional support in addition to treatment. The Novartis Oncology Access program provides assistance to other cancer patients.



Pioneering new ways of doing business

We're increasing our focus on **Social Ventures – sustainable new ways to reach underserved people** who need healthcare. In India, Novartis created Arogya Parivar ('Healthy Family' in Hindi) to reach rural communities where more than 830 million people live. We recruit and train local people to teach villagers about health and prevention. They help organize health camps that provide screening, diagnosis and therapy. The program provides access to 80 medicines. Some over-the-counter products are sold in smaller packages, which helps keep out-of-pocket costs low. In five years, Arogya Parivar has improved access to healthcare across 33 000 villages, home to 70 million people, and provided training to more than 50 000 doctors and pharmacists in rural areas. Similar projects include Familia Nawiri in Kenya and China's Jian Kang Kuai Che ('Health Express'), both tailored to local needs. By creating a healthcare marketplace, these social businesses are commercially viable and sustainable.

Still too often, people can't get medicines for entirely avoidable reasons – like the pharmacy ran out. Simple technologies can help. **SMS for Life** uses SMS text messages and electronic mapping to help public health facilities in poor countries avoid running out of medicine, especially for malaria. Every week, health facilities receive a text message asking for their supply levels. Workers count their stock of medicines and text back. Consolidated reports enable health officials to make new orders or redistribute medicine within a few days – not the three months it took before. SMS

for Life is producing real results, and we're expanding the program around Africa and to cover diagnostic tests, additional medicines, and surveillance data.

An increasingly tough problem is providing high-quality medicines to the thousands of private retailers that now serve Africa's emerging middle class. Too often, these outlets sell sub-standard medicines, especially for malaria. So Novartis is **supplying malaria medicines in new ways in Africa**. Our new access program aims to provide high-quality antimalarials to the private sector at affordable prices. In Zambia, our Sandoz Division is supplying high-quality, affordable medicines to independent Health Shops through an initiative with the government. These shops are often the only healthcare providers in rural areas. Differential pricing helps make Novartis medicines affordable, while also creating a sustainable business model that won't be subject to donor funding.

KEY FACTS

+2 million people now reached every year by Arogya Parivar and Familia Nawiri

+18 500 public health facilities using SMS for Life



Finding new treatments

We continuously search for new and more effective treatments, because diseases can evolve and outpace current drugs. For example, a new generation of antimalarial medicines (known as artemisinin-based combination therapies) transformed malaria treatment in the past decade. But parasites cause malaria, and it's just a question of time before they build resistance against available medicines. The science must stay ahead of the parasite.

Novartis is working toward new breakthroughs against **malaria**, which still kills a child every 60 seconds. Two exciting new molecules, currently in Phase 2 clinical trials, could provide completely new options to treat the disease. One belongs to the spiroindolone class, and rapidly and potently kills malaria parasites. The second molecule discovered by our scientists belongs to another new class of dual-acting compounds, known as imidazole-piperazines. It targets the parasite at both the liver and blood stage of its reproductive cycle.

Typhoid is a significant public health problem in countries with insufficient clean water and proper sanitation. The bacteria cause more than 200 000 deaths per year and are growing resistant to antibiotics. That's why Novartis developed a typhoid vaccine. To make it available quickly, we licensed the vaccine to the Indian firm BioE, which has a proven track record in developing, manufacturing and delivering vaccines to the developing world. In addition, we are developing a dual-acting vaccine with components against both typhoid and paratyphoid fevers.

KEY FACTS

Novartis launched the first fixed-dose artemisinin-based combination therapy, the gold-standard treatment for malaria. Two new molecules, currently in Phase 2 clinical trials, could become **next-generation malaria treatments**

+140 associates¹ researching tropical diseases and new vaccines against neglected diseases in two dedicated institutes

¹Full-time equivalent employees and contractors

Two specialized Novartis institutes **research medicines and vaccines for diseases of the developing world**. The Novartis Institute for Tropical Diseases in Singapore is dedicated to finding treatments for infectious tropical diseases, including malaria, dengue fever and others. The Novartis Vaccines Institute for Global Health in Italy works to create affordable vaccines for neglected diseases, such as diarrheal diseases, which cause 2 million deaths every year.



Doing business responsibly

Our actions

We aspire to earn the trust of patients, associates, partners, shareholders and the society we serve. We understand that patients and customers expect us to do business responsibly and ethically, and they deserve to be able to trust our products and us.

Novartis is among the companies in the healthcare industry that invest the most in **Research and Development** as a percentage of total sales. We set our research priorities at the intersection of unmet medical need and strong science; commercial considerations come later. Novartis has created special research organizations, collaborations and financing to help treat rare diseases. We welcome the opportunity to engage in constructive, informed dialogue around the difficult ethical questions that arise from pushing the boundaries of scientific knowledge around human health – animal welfare and research, stem cell research, clinical trials in developing countries, or disclosure of information about clinical research.

Earning trust comes from doing the right thing, according to clear **standards of integrity**. Ours are built around a Code of Conduct, which is a fundamental part of every Novartis associate's terms of employment.

It's written in simple, direct language and provides practical tools to help associates make the right decisions when they face potential conflicts in their work. Novartis expects managers to lead by example – reflecting standards of integrity in

Novartis dedicates 16% of total sales to R&D, **one of the highest research investments in the industry**

Revised **Code of Conduct** sets fundamental rules of ethical business conduct for all associates

business plans and decisions, training associates to make responsible decisions, and encouraging them to speak up when ethical issues arise.

Promoting and selling our products gives us an ethical responsibility to provide accurate information to healthcare professionals, patients and consumers. Our **marketing practices** must be ethical and in good taste, accurately reflecting a medicine's benefits and risks. We prohibit personal incentives to prescribe products. We disclose sponsorships of medical or scientific events and limit gifts to healthcare practitioners. We provide product samples only to help healthcare professionals become familiar with the product. Our global standards represent the company's minimum standards, and each Novartis division has specific guidelines governing how associates promote medicines to healthcare professionals.



Our world

We're making progress on conserving natural resources and limiting our environmental impact. While our business has grown by 19% since 2008, carbon emissions have been reduced and the rate of growth in energy and water consumption is small compared to revenues.

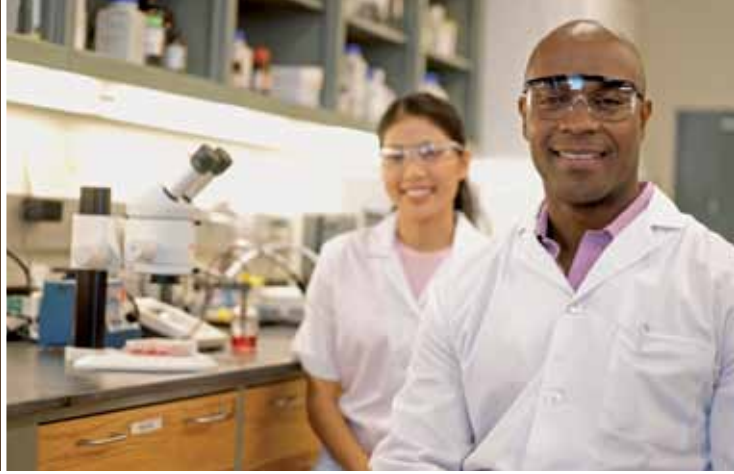
We use renewable energy – solar energy, bio-fuels and organic-waste fuels – at many sites. Solar panels provide 30% of the electricity for our US site in Vacaville, California. A site-owned small-scale hydroelectric turbine provides nearly 10% of the electricity for the Sandoz site in Unterach, Austria. The Sandoz site in Mahad, India, generates steam from bagasse, a renewable by-product of sugar cane processing, which provides more than 90% of its fuel needs. Renewable wood chips have replaced fossil natural gas and now cover 72% of the fuel needed to generate steam at the Pharmaceuticals facility in Wehr, Germany. Overall, when including conventional large-scale hydroelectric energy, renewable sources account for 40% of our electricity or 23% of our total energy.

Novartis is **minimizing the environmental impact of its products**. We design packaging to sustainably reduce materials, while meeting all regulatory, quality, functional and design requirements. We regularly monitor the levels of pharmaceutical ingredients that enter the aquatic environment through wastewater, and site-specific plans help to continually reduce these levels. We have banned the disposal of organic hazardous waste in landfills, and we are conserving water at our manufacturing facilities.

Novartis is **reducing the greenhouse gas emissions that contribute to climate change**. We voluntarily adopted key Kyoto Protocol principles, and we've set a clear goal: Reduce emissions by 15% by 2015 and 20% by 2020, based on 2008 levels. We're improving energy efficiency, using renewable energy sources and pursuing carbon-offset projects in Argentina, Mali and China. These projects also have social benefits, such as providing jobs and preventing soil erosion, landslides and flooding. Significant improvements in energy efficiency at plants in Europe also have enabled Novartis to satisfy requirements of the European Union's "cap and trade" legislation. By contrast with other companies, Novartis has not purchased emission allowances to achieve EU requirements, and we actually currently hold a surplus of emission allowances.

Our target is to **reduce GHG emissions by 20% by 2020**, based on 2008 levels

Continuous improvements in energy efficiency have enabled Novartis to satisfy requirements of the European Union's "cap and trade" legislation while **holding a surplus of emission allowances**



Our people and communities

We're creating a **diverse and inclusive workplace**, with associates representing more than 150 countries. About half of Novartis associates are women, as are nearly 40% of local managers. Flextime, remote working, and leadership development programs help create an inclusive culture.

In an effort to tackle noncommunicable diseases (NCDs), Novartis established **Be Healthy**, an initiative to help associates become more involved in their personal health and live healthier lives. It's a natural extension of our company mission to care and cure. According to the World Economic Forum, workplace health and well-being programs addressing lifestyle changes can prevent up to 40% of NCDs such as cardiovascular diseases, cancers and lung disorders.

Novartis was one of the first global companies to **pay all associates a living wage**. Calculating a living wage is tough, and Novartis developed a way to calculate a salary that reflects the standards, costs of living, and economic factors that vary across countries. Each year, Novartis Group companies review salaries for their associates and adjust any salaries that fall below the living wage level.

Be Healthy, the Novartis health and well-being program, reaches more than **95% of associates in over 50 countries**

Our annual Community Partnership Day commemorates the company's creation in 1996 by enabling associates to make a difference in their local communities. Volunteers have renovated schools, accompanied children with disabilities on trips, worked at food donation banks, and used business skills to help local organizations improve their efficiency. It's a great way to **engage and give back to our communities**.

We believe in **science education** at all levels. In the US state of New Jersey, the Novartis Science Lab at Newark's LINK Community School provides an outstanding education for economically disadvantaged middle school students. Our annual weeklong BioCamp connects university students with scientists at our Switzerland headquarters, and we mentor students in developing-world universities through our Next Generation Scientist Program. Gap Year Scholars enables students from historically underserved communities to gain research experience and compete for top biomedical PhD programs.

Every year, associates donate more than **150 000 volunteer hours on Community Partnership Day**




Learn more

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 novartisfoundation.org

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