

# Novartis commitment to the UN Global Compact

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## Principle 1 - Human rights:

Businesses should support and respect the protection of internationally proclaimed human rights

### **Commitment and policies**

- [Code of conduct](#), chapter 1: why a code of conduct? “Support of and respect for the protection of internationally proclaimed human rights.”
- [Corporate citizenship policy](#): “We seek to promote and protect the rights defined in the Universal Declaration of Human Rights of the United Nations within our sphere of influence.”
- [Corporate citizenship guideline 4](#) on human rights: “Novartis recognizes that the inherent dignity and the equal and inalienable rights of all members of the human family are the foundation of freedom, justice and peace. It therefore respects and supports the protection of human rights, as enshrined in the Universal Declaration of Human Rights (UDHR) issued by the General Assembly of the United Nations on December 10, 1948.”

### **Projects and activities**

- Access-to-medicine programs in collaboration with the World Health Organization (WHO) and other inter-governmental and non-governmental organizations to combat malaria, leprosy and tuberculosis in developing countries
- Patient assistance program for oncology drug, Glivec/Gleevec, reaching patients worldwide
- Patient assistance programs for uninsured low-income citizens in the US
- 9 projects carried out by the Novartis Foundation for Sustainable Development (NFSD) on improving access to health in developing countries
- Research on neglected diseases (dengue fever, malaria and tuberculosis) by the Novartis Institute for Tropical Diseases (NITD)
- Annual symposium organized in 2006 by the Novartis Foundation for Sustainable Development on “Development cooperation at a crossroads: Dead end or new horizons?”
- Active participation of Novartis in the Business Leaders Initiative on Human Rights (BLIHR), including hosting an expert conference on human rights and compliance assessment tools

### **Results 2006**

- Developed and implemented an e-training module on Human Rights for employees – 38 100 associates completed the course
- A pilot human rights compliance assessment was done in Turkey in cooperation with the Danish Institute for Human Rights
- In his capacity as a special advisor on the Global Compact to former UN secretary general Kofi Annan, Klaus Leisinger, NFSD president and CEO, published: “On Corporate Responsibility for Human Rights”. The paper is posted on the UNGC website.
- Active involvement of Novartis in UNGC major meetings, country networks and learning forums (such as Global Compact symposia and Progress and Implementation workshops)
- Total 2006 access to medicine programs worth USD 755 million, reaching 33.6 million patients globally
- Research collaboration initiated between the Novartis Institute for Tropical Diseases (NITD) and the Economic Development Board of Singapore (EDB), Medicines for Malaria Venture (MMV) and the Wellcome Trust to discover and develop the next generation of anti-malarial drugs
- Reduced average treatment price for leading anti-malarial treatment Coartem by one-third to USD 1 per treatment course
- Delivery of 62 million treatments of Coartem in 2006 (almost double from the 33 million treatments delivered in 2005)

### **Targets 2007**

- Transfer the experience from the 2006 pilot project on human rights compliance (Danish Institute for Human Rights) in an assessment tool applicable for wider implementation

- Expand partnerships for Coartem distribution beyond the World Health Organization (WHO)
- Active engagement in human rights-related networks
- Bring the corporate perspective into the debate on the “Right to Health”

**GRI indicators**

[HR 1](#), [HR 2](#), [HR 3](#), [HR 4](#)

**Additional information**

[www.novartisfoundation.com](http://www.novartisfoundation.com)

[www.nitd.novartis.com](http://www.nitd.novartis.com)

[www.who.int/en/](http://www.who.int/en/)

[www.un.org](http://www.un.org)

[www.blihr.org](http://www.blihr.org)

## Principle 2 - Human rights

Businesses should make sure they are not complicit in human rights abuses

### **Commitment and policies**

- [Code of conduct](#), chapter 4: non-discrimination: “Novartis will not tolerate discrimination” and chapter 9: compliance with the law: “Compliance with the law is an absolute requirement for Novartis and its employees. [...] Novartis is strongly committed to non-discriminatory and fair labor standards, to protecting the environment and to ensuring the health and safety of its employees.”
- [Corporate citizenship policy](#): “We do not tolerate human rights abuses within our own business operations.”
- [Corporate citizenship guideline 2](#) on fair working conditions
- [Corporate citizenship guideline 4](#) on human rights
- [Corporate citizenship guideline 5](#) on third party management
- Corporate citizenship guidance note 5.1 on practical implementation and recommendations for corporate citizenship in 3rd party relations

### **Projects and activities**

- Third-party management: develop and implement a process for third party classification, and monitor adherence to the values spelled out in the UN Global Compact; expand supplier assurance visit programs; and develop improvement programs for non compliant suppliers
- Third party compliance assessment (through questionnaires) for class 2 suppliers (chemical products, construction, etc.)
- Third party compliance assessment through on-site assurance visits for class 3 suppliers (contract manufacturing, waste management, etc.) deemed to have a significant influence on Novartis business activities
- Closing gaps on living wages to ensure company salaries allow employees and their families to meet their basic material needs
- E-training modules on ethics compliance (code of conduct, corporate citizenship, competition law, insider trading, conflict of interest, financial integrity)

### **Results 2006**

- Living wage: pursued implementation of the living wage standard throughout Novartis: 93 salaries were increased to living wage levels. A workshop was organized with BSR (Business for Social Responsibility), SAI (Social Accountability International) and other companies to discuss the living wage methodology and implementation. Pilot to expand living wage policy to on-site third parties in Switzerland identified many challenges. A supplier workshop was held for 200 key suppliers in South Africa. Case study developed by Novartis on the living wage (to be published in 2007).
- Third-party management: held face-to-face and on-line training activities. Assurance visits for HSE and labor practices were conducted at sites of 10% of class 3 suppliers (92 supplier audits). Following this, short-term corrective actions were taken based on assurance visits' findings. Case study developed on the implementation of the Novartis guideline for third-party suppliers (to be published in 2007). Received self-assessments from 28% of class 2 suppliers (chemical products, construction, etc.) – below target of 90%

### **Targets 2007**

- Continue to align salaries under living wage levels to living wage standards
- Third-party management: expand training and establish improvement program for associates for third-party suppliers. Improve internal processes to increase percentage of audits / self assessments completed. Implement corrective actions based on audit findings. Conduct audits for a further 25% of class 3 suppliers (self-assessments only for smaller suppliers) and hold systematic training to improve quality of processes. Expand information to suppliers. Monitoring and categorization of all active suppliers in scope of CC5 globally (ongoing activity). Publish case study on corporate citizenship supply chain management.
- Start conceptual work on NGO accountability

### **GRI indicators**

[HR 1](#), [HR 6](#), [HR 7](#)

**Additional information**

[www.novartis.com/about-novartis/corporate-citizenship/](http://www.novartis.com/about-novartis/corporate-citizenship/)

## Principle 3 - Labor standards

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

### **Commitment and policies**

- [Corporate citizenship policy](#): “We believe in constructive dialogue between employer and employees and support the principle of freedom of association.”
- [Corporate citizenship guideline 2](#) on fair working conditions, point 8 on freedom of association: “Novartis recognizes that each employee has the right to choose whether to join a trade union or employee association. Novartis companies shall give trade unions a fair chance to compete for unionization of employees and shall be comfortable with collective bargaining arrangements, individual arrangements, or a mixture of the two.”
- [Corporate citizenship guideline 5](#) on third party management, point 12 on freedom of association: “Third parties shall respect the right of each employee to join a trade union or an employee association. They shall give trade unions a fair chance to compete for the unionization of employees and shall be comfortable with collective bargaining agreements, individual arrangements or a mixture of both. ”

### **Projects and activities**

- Novartis Euroforum (NEF) is an association consisting of Novartis employee representatives in EU countries and Switzerland. NEF represents 26,349 employees and ensures a dialog between Novartis management and employees about key issues.
- Continue to raise awareness among employees on freedom of association (as a part of our corporate citizenship commitment)
- Expand scope and quality of data reporting on corporate citizenship aspects related to human resources

### **Results 2006**

- 35% of associates are represented by internal personnel organizations
- 15% of associates are represented by external personnel organizations (unions)
- 74% of associates are explicitly informed about freedom of association
- Guideline established to ensure proper information/involvement of European employee representatives

### **Targets 2007**

- Improve internal communication on freedom of association (the aspiration is that all employees are informed)

### **GRI indicators**

[LA 3](#), [LA 4](#), [HR 5](#)

### **Additional information**

## Principle 4 - Labor standards

Businesses should uphold the elimination of all forms of forced and compulsory labor

### **Commitment and policies**

- [Code of conduct](#), chapter 9: compliance with the law: "Novartis is strongly committed to non-discriminatory and fair labor standards, to protecting the environment and to ensuring the health and safety of its employees."
- [Corporate citizenship policy](#): "We do not tolerate forced labor and other forms of exploitative labor."
- [Corporate citizenship guideline 2](#) on fair working conditions, point 9 on forced, compulsory and bonded labor: "Novartis will not engage in forced, compulsory or bonded labor."
- [Corporate citizenship guideline 5](#) on third party management, point 10 on forced, compulsory and bonded labor: "Third parties shall exclude the use of forced, compulsory or bonded labor."

### **Projects and activities**

- Internal surveys (2000-2001) have been conducted to identify forced or compulsory labor within Novartis
- Focus in this area is now shifting to third-party management

### **Results 2006**

- Case study developed on the implementation of the Novartis guideline for third-party suppliers (to be published in 2007). This includes HSE and labor standards.
- Findings from internal surveys (2000-2001) have shown no forced or compulsory labor within Novartis
- One case with forced or compulsory labor has been reported with a third party supplier. Novartis is no longer working with this firm.

### **Targets 2007**

- Continue to monitor human rights compliance within the company's supply chain

### **GRI indicators**

[HR 7](#)

### **Additional information**

[www.novartis.com/about-novartis/corporate-citizenship/!](http://www.novartis.com/about-novartis/corporate-citizenship/)

## Principle 5 - Labor standards

Businesses should uphold the effective abolition of child labor

### **Commitment and policies**

- [Code of conduct](#), chapter 9: compliance with the law: “Novartis is strongly committed to non-discriminatory and fair labor standards, to protecting the environment and to ensuring the health and safety of its employees.”
- [Corporate citizenship policy](#): “We support programs to abolish child labor in a manner consistent with the basic interests of the child.”
- [Corporate citizenship guideline 2](#) on fair working conditions, point 10 on child labor: “Novartis will not use child labor.”
- [Corporate citizenship guideline 5](#) on third party management, point 11 on child labor: “Third parties shall exclude exploitative child labor. [...] Programs to abolish child labor in a manner consistent with the basic interests of the child should be supported. ”

### **Projects and activities**

- Yearly internal surveys (from 2000 to 2004) have been conducted to identify child labor within Novartis
- Focus in this area is now shifting to third-party management

### **Results 2005**

- Case study developed on the implementation of the Novartis guideline for third-party suppliers (to be published in 2007)
- Findings from yearly internal surveys (from 2002 to 2004) have shown no associates below age 15, and associates below 18 were all apprentices

### **Targets 2006**

- Continue to monitor human rights compliance within the company's supply chain

### **GRI indicators**

[HR 6](#)

### **Additional information**

[www.novartis.com/about-novartis/corporate-citizenship/](http://www.novartis.com/about-novartis/corporate-citizenship/)

## Principle 6 - Labor standards

Businesses should uphold the elimination of discrimination in respect of employment and occupation

### **Commitment and policies**

- [Code of conduct](#), chapter 4: discrimination: “Novartis will not tolerate discrimination or harassment based on race, religion, creed, national origin, sex, disability, age or any other relevant category.”
- [Corporate citizenship policy](#): “The Novartis core values are based on the fundamental rights of every individual [...], such as nondiscrimination [...]. We base our human resources policies and practices on fairness [...].”
- [Corporate citizenship guideline 2](#) on fair working conditions, point 11 on non discrimination: “Novartis will not tolerate discrimination based on personal characteristics that are not inherently relevant to the performance of a job. Such characteristics include race, color, sex, religion, political opinion, national extraction or social origin or any other characteristic protected under local law. [...] Each Novartis company shall ensure equitable treatment among its employees in terms of basic employment terms, advancement possibilities, paid holidays granted, occupational safety and health, access to training and vocational guidance, and all other material terms and conditions of employment.”
- [Corporate citizenship guideline 5](#) on third-party management, point 13 on non discrimination: “Third parties shall avoid discrimination based on personal characteristics such as race, color, sex, religion, political opinion, national extraction or social origin or any other characteristic protected under local law. They shall protect all employees against harassment in the work place, including sexual harassment.”

### **Projects and activities**

- Group-wide diversity and inclusion initiative to promote greater diversity of talent throughout the organization
- Expand supplier diversity to ensure business opportunities for minority and women-owned suppliers and other diverse businesses
- Cross-mentoring program for female students at Basel University (Switzerland) on career opportunities in pharmaceutical companies

### **Results 2006**

- Diversity and Inclusion: a group-wide Diversity & Inclusion vision and strategy were developed. An external Diversity & Inclusion Advisory Council was set up to advise senior management. A Global Head, Diversity & Inclusion for the Pharma Division, was appointed.
- Living wage: pursued implementation of the living wage standard throughout Novartis: 93 salaries were increased to living wage levels. A workshop was organized with BSR (Business for Social Responsibility), SAI (Social Accountability International) and other companies to discuss the living methodology and application. Pilot to expand living wage policy to on-site third parties in Switzerland identified many challenges. Established guidance for third-party suppliers regarding the application of the living wage initiative to all contract employees working on Novartis sites. A supplier workshop was held for 200 key suppliers in South Africa. Case study developed by Novartis on the living wage (to be published in 2007).
- Case study developed on the implementation of the Novartis guideline for third-party suppliers (to be published in 2007)
- Design of first group-wide employee survey (to be launched in 2007) to measure working climate in Novartis
- Second Novartis Female Leadership Forum held in Basel with more than 250 female managers from more than 30 countries
- Founding sponsor of the Healthcare Business Women's Association, an international non-profit organization dedicated to furthering the advancement of women in the healthcare industry
- For the sixth consecutive year, Novartis and the University of Basel offered a mentoring program (including monthly meetings) called Women into Industry that encourages promising female academics to consider careers in business

and industry

**Targets 2007**

- Define Diversity and Inclusion priorities, goals and actions for each division
- Conduct group-wide employee survey on working climate for Novartis associates in all divisions. In an initial stage, 50 000 associates from the Pharmaceuticals division worldwide will respond. Other divisions are expected to complete the survey by the end of 2007.

**GRI indicators**

[HR 4](#), [LA 10](#), [LA11](#)

**Additional information**

[www.pharma.us.novartis.com](http://www.pharma.us.novartis.com)

[www.novartis.com/about-novartis/corporate-citizenship/](http://www.novartis.com/about-novartis/corporate-citizenship/)

## Principle 7 - Environment

Businesses should support a precautionary approach to environmental challenges

### **Commitment and policies**

- [Code of conduct](#), chapter 9: compliance with the law: "Novartis is strongly committed [...] to protecting the environment and to ensuring the health and safety of its employees."
- [Corporate citizenship policy](#): "We take a precautionary approach in the innovation and development of new products and technologies. To this end, we follow a step-by-step approach, we engage in scientific peer review, and we consider benefits and risks of innovation in a scientific and transparent manner."
- Novartis position on precautionary principle: "The company applies the precautionary approach wherever a significant threshold of plausibility for a potential risk is reached and when science does not give a clear-cut answer on that potential risk. [...] When an activity or a product poses a threat of serious or irreversible damage to the environment, precautionary measures are considered even if cause-effect relationships are not fully established scientifically. However, the precautionary approach needs to remain science-based in order to ensure continued innovation."
- HSE guidelines: HSE management (#1); emergency management (#2); HSE in development and production (#3); biosafety (#4); warehousing (#6); hazardous waste management (#7); transportation (#11)
- HSE guidance notes: risk portfolio (1.1); performance management (1.2); and energy management (1.3)

### **Projects and activities**

- Precautionary approach applied in all operations to minimize environmental impacts (emissions to air and water, waste to landfill, efficient use of water and energy resources)
- Novartis manages risks proactively by implementing appropriate preventive and contingency measures. This risk management process is designed to identify potential hazards and take action to reduce the risk of an event – the likelihood of occurrence and severity of consequences – to an acceptable minimum level. Risk portfolios are elaborated on the sites, consolidated at divisional and corporate levels and reviewed by senior management.
- Identifying and managing HSE risks by conducting site analyses and audits by corporate HSE and the HSE organizations of the divisions and business units
- In 2006, Novartis focused its Business Continuity Management (BCM) efforts on pandemic preparedness (reviewed by a group audit). The auditors recognized the high commitment toward pandemic preparedness and concluded that the organization's level of preparedness toward the end of 2006 should be able to manage a pandemic outbreak.

### **Results 2006**

- Management of HSE risks
  - During 2006, measures were taken to reduce the priority risks included in the corporate risk portfolio of 2005, and implementation of action plans is ongoing
  - 12 corporate HSE and bio-safety audits, and 18 divisional/business unit HSE audits were conducted (not included are integration visits to newly acquired sites) and corrective actions implemented according to plans
  - Corporate HSE audits were conducted at sites of 24% of suppliers worldwide (147 supplier audits) in order to assess HSE performance. Following this, short-term corrective actions were taken based on audit findings.
- HSE training
  - 3 international training courses on a computer-supported risk analysis method and 3 international HSE auditing seminars were conducted in US and Europe
  - 3 regional energy workshops were held in Asia, US and Europe and 10 trainings on HSE data management and reporting were held worldwide

- Business Continuity Management (BCM)
  - In spite of redirecting the BCM efforts to focus on pandemic preparedness in April, the reports on the current status of BCM implementation submitted in December also showed a clear progress compared to 2005.
  - In 19 corporate NEM workshops, 379 participants were trained in emergency management.
- In 2006, Novartis was named the super sector leader in the Dow Jones Sustainability Index, with particular focus on Environmental Performance (eco-efficiency), Environmental Reporting, and Environmental Policy/Management System

#### **Targets 2007**

- Risk management
  - 12 corporate HSE and bio-safety audits and 43 divisional and business unit audits are scheduled in 2007
  - Preparation of the 2007 divisional and corporate risk portfolios and respective risk minimization actions
- HSE training
  - 1 international risk analysis course, 4 energy workshops and 3 additional data management system introduction trainings are scheduled
  - Further courses placed on our Virtual University, accessible to all employees worldwide
- Business Continuity Management (BCM)
  - International workshops are planned to support final implementation and testing of BCM and readiness.
  - 10 corporate NEM workshops are planned for 2007

#### **GRI indicators**

[EN 1](#), [EN 2](#), [EN 3](#), [EN 3.1](#), [EN 4](#), [EN 5](#), [EN 6](#), [EN 8](#), [EN 8.1](#), [EN 8.2](#), [EN 9](#), [EN 9.1](#), [EN 9.2](#), [EN 10](#), [EN 11](#), [EN 11.1](#), [EN 11.2](#), [EN 12](#), [EN 13](#), [EN 16](#)

#### **Additional information**

[www.novartis.com/about-novartis/corporate-citizenship/health-safety-environment/](http://www.novartis.com/about-novartis/corporate-citizenship/health-safety-environment/)  
[www.novartis.com/about\\_novartis/en/ethics\\_committee.shtml](http://www.novartis.com/about_novartis/en/ethics_committee.shtml)

## Principle 8 - Environment

Businesses should undertake initiatives to promote greater environmental responsibility

### **Commitment and policies**

- [Code of conduct](#), chapter 9: compliance with the law: "Novartis is strongly committed [...] to protecting the environment and to ensuring the health and safety of its employees."
- [Corporate citizenship policy](#): "We want to be a leader in Health, Safety and Environmental Protection (HSE). [...] We strive to make efficient use of natural resources and minimize the environmental impacts of our activities and our products over their life cycle. We assess HSE implications to ensure that the benefits of new products, processes and technologies outweigh remaining risks. We periodically review such assessments in light of new concerns or evidence."
- [Corporate citizenship guideline 5](#) on third party management, point 7 on principles and expectations: "Novartis gives preference to third parties that share the societal and environmental values required by the Global Compact."
- [Corporate citizenship guideline 5](#) on third party management, point 15 on health, safety and protection of the environment: "Third parties shall provide a safe work place for their employees to prevent accidents and injury to health. At a minimum, third parties shall comply with all applicable local health, safety and environmental protection laws and regulations."
- HSE guidelines: HSE management (#1); Novartis emergency management (# 2); HSE protection in development and production (#3); biosafety (# 4); occupational health (#5); warehousing (#6); hazardous waste management (#7); selection and management of third party contractors (#8); incident reporting and learning (#9); setting and reviewing provisions for environmental liabilities (#10); transportation (#11); and business continuity management (#12)
- HSE guidance notes: risk portfolio (1.1); performance management (1.2); and energy management (1.3)

### **Projects and activities**

- Reducing accidents through behavior-based safety training for associates
- GHG emission management (Scope 1 and Scope 2): fuel switch to gas (level of 90% achieved), support of renewable resources (bio-fuels, gas from waste, solar, combined heat and power systems), air conditioning with surface or groundwater water
- Energy efficiency (Kyoto strategy): investment policy, mandatory energy challenges on investments, regular workshops on energy management, 2006 edition of Novartis Energy Excellence Awards
- Waste management: waste separation and recycling/recovery strategies, segregation of materials in the demolition of old buildings, policy to favor incineration wherever feasible
- Water management: efficiency measures for contact water and promotion of water recycling
- Management of historic soil and groundwater contaminations based on a cautious science-based approach and in full cooperation with the respective local authorities and governmental agencies

### **Results 2006**

- Health
  - Lost Time Accident Rate (LTAR) reduced from 0.44 to 0.40 in 2006 (excluding Hexal). Hexal, acquired in 2005, reduced its LTAR from 1.51 in 2005 to 0.93 in 2006.
- Resources
  - 27% energy efficiency improvement between 2003 and 2006 (original three-year energy efficiency target of 6% for 2006, set in 2003, has been substantially exceeded)
  - 25% contact water efficiency improvement between 2003 and 2006
- Environment

- Scope 1 GHG emissions (w/o vehicles) more or less constant (since 2001) at 480kt
- Scope 2 GHG emissions increased from 899 to 954kt
- Reduction of halogenated VOC from 372t to 179t and increase of non-halogenated VOCs from 1533t to 1590t
- Reduction of hazardous waste to landfills from 1125t to 467t
- A tailor-made new HSE data management system was introduced in 2006 worldwide to further facilitate data collection, in line with more stringent reporting standards

#### Targets 2007

- Health
  - Reduce LTAR to 0.20 by 2010
- Resources
  - A new energy efficiency target has been set – aiming for a further 10% improvement of energy efficiency by 2010 based on 2006 performance
  - 10% contact water efficiency improvement until 2010 (base year 2005)
- Environment
  - Absolute reduction of Scope 1 GHG emissions (without vehicles) by 5% for the period 2008 to 2012 (based on 1990 level)
  - 10% reduction of CO2 emissions from owned and leased vehicles by 2010 (base year 2005)
  - Reduction of non-halogenated VOC by 30% until 2008 (to below 700t) and of halogenated VOCs by 90% until 2008 to below 30 tons)
  - Reduction of hazardous waste to landfill to below 100t in 2008 (from above 5000t in 2004)
- Further reduce carbon intensity of Novartis energy systems by fostering combined heat and power systems and renewable energy sources such as fuel from waste, bio-fuels or solar, wind and geo-thermal energy
- Make use of the Kyoto Flexible Mechanisms, compensating a potential increase in emissions with emission reduction and sequestration projects in developing countries

#### GRI indicators

[LA 5](#), [LA 6](#), [LA 7.1](#), [LA 7.2](#), [LA 7.3](#), [LA 7.4](#), [EN 1](#), [EN 2](#), [EN 3](#), [EN 3.1](#), [EN 4](#), [EN 5](#), [EN 6](#), [EN 8](#), [EN 8.1](#), [EN 8.2](#), [EN 9](#), [EN 9.1](#), [EN 9.2](#), [EN 10](#), [EN 11](#), [EN 11.1](#), [EN 11.2](#), [EN 12](#), [EN 13](#), [EN 16](#)

#### Additional information

[www.novartis.com/about-novartis/corporate-citizenship/health-safety-environment/](http://www.novartis.com/about-novartis/corporate-citizenship/health-safety-environment/)  
<http://unfccc.int/2860.php>

## Principle 9 - Environment

Businesses should encourage the development and diffusion of environmentally friendly technologies

### **Commitment and policies**

- [Corporate citizenship policy](#): “We strive to make efficient use of natural resources and minimize the environmental impacts of our activities and our products over their life cycle. We assess HSE implications to ensure that the benefits of new products, processes and technologies outweigh remaining risks.”
- [Corporate citizenship policy](#): “We give priority to business partners, suppliers and contractors who share our societal and environmental values, and we support their efforts to promote these values through their business activities.”
- [Corporate citizenship guideline 5](#) on third-party management, point 23 on improvement programs and special support: “Novartis may assist the third party in developing an improvement program designed to raise the level of compliance with the third party corporate citizenship principles.”

### **Projects and activities**

- Technology for best renewable/alternative energy use is one of the four criteria used to identify projects in the annual Novartis Energy Excellence Awards
- Research initiatives to generate essential know-how on the effects of pharmaceuticals in the environment (PiE)
- Research collaborations between academia, regulators and industry, aiming at a more targeted and efficient environmental risk assessment for human pharmaceuticals
- Building construction contractors (Campus Basel): requirements on materials, energy management, waste separation, etc.

### **Results 2006**

- 32 internal projects on energy efficiency and renewable energy / reduction of greenhouse gas emission with an investment volume of USD 16 million participated in the Novartis 2006 Energy Excellence Award scheme. These projects allow for a potential net saving of USD 50 million in five years.
  - One project focusing on energy from bio-waste won the 2006 Renewable Energy Award
  - One project on energy and material efficiency of a fermentation process won the 2006 Energy Excellence Innovation Award
  - Two projects focusing on energy management and behavior won 2006 Awards on Energy Efficiency
- In the area of Pharmaceuticals in the Environment (PiE), Novartis supported research projects on the eco-toxicological effects of pharmaceuticals and on the removal of pharmaceuticals from municipal waste water streams
- The release rate of our priority active pharmaceutical ingredients (API) with waste water streams has been reduced to below 0.1% of the total API production volume

### **Targets 2007**

- Energy Excellence Awards in energy efficiency and GHG emission reduction will continue in 2007
- With relaxed investment rules and promotional and educational activities, Novartis supports the achievement of increasing energy excellence in its facilities worldwide
- Existing research activities on pharmaceuticals in the environment (PiE) are ongoing and a new research project on the eco-toxicological effects of pharmaceuticals will be launched in 2007

### **GRI indicators**

[EN 3](#), [EN 3.1](#), [EN 4](#), [EN 8](#), [EN 8.1](#), [EN 8.2](#), [EN 9](#), [EN 9.1](#), [EN 9.2](#), [EN 10](#)

### **Additional information**

[www.novartis.com/about-novartis/corporate-citizenship/health-safety-environment/](http://www.novartis.com/about-novartis/corporate-citizenship/health-safety-environment/)

R T Williams (ed.): Human Pharmaceuticals: Assessing the Impacts on Aquatic Ecosystems. ISBN: 1-880611-82-1]

## Principle 10 - Anti-corruption

Businesses should work against corruption in all its forms, including extortion and bribery

### **Commitment and policies**

- [Code of conduct](#): chapter 6: Bribes, business entertainment, gifts: “No employee shall make any payment, or kickback, or offer improper financial advantage to an official of a government or a government-controlled entity for the purpose of obtaining business or other services, as set out in the OECD Convention on Combating Bribery of Foreign Public Officials. [...] Third parties must not be used to circumvent any of the policies mentioned above.”
- [Corporate citizenship guideline 3](#) on business ethics – bribes, gifts and entertainments.
- Marketing codes established for each division and for the Consumer Health business units. The intent behind the marketing codes is to secure the credibility and integrity of Novartis in worldwide healthcare by ensuring that promotion to healthcare professionals and the general public is conducted in an ethical and balanced manner, supported by accurate and relevant information and in accordance with local regulations.

### **Projects and activities**

- Ethics Compliance Program implemented throughout the company
- Global Compliance Steering Committee aligns strategy and objectives for the Ethics Compliance Program (two meetings a year)
- Ethics compliance measuring, monitoring, reporting and training
- Managing inquiries and complaints (through the Business Practices Office, BPO, charged with receiving and investigating misconduct cases worldwide)

### **Results 2005**

- 218'000 e-trainings courses completed on ethics compliance worldwide
- Five regional meetings held for Ethics Compliance Officers in Latin America, Europe, Middle-East, Asia-Pacific and North America to align activities and share experiences and challenges
- Developed nine new e-training courses on business conduct topics
- Led the revision of the Code of Pharmaceutical Marketing Practices of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA)
- New project piloted in the US and Europe to improve the process of local clearance committees, which are responsible for ensuring that promotional and other business activities live up to relevant standards, including internal and external codes as well as laws
- Integrity lines rolled out in 70 countries in 51 languages to allow associates to report incidents of misconduct cases in their native language
- A global associate survey was completed to measure the ethical climate in the organization
- Novartis was named the 2006 super sector leader in the Dow Jones Sustainability Index, with particular focus on the management of its Code of Conduct and programs to combat corruption

### **Targets 2006**

- Revise Code of Conduct
- Develop two new e-training courses on Code of Conduct, continue Sales & Marketing training (Sandoz)
- Launch Code of Conduct training for new managers
- Improve face-to-face training programs
- Expected additional pilots to improve the process of local clearance committees
- In relevant businesses of Novartis, ensure consistency of marketing codes with new IFPMA Code
- Continue the roll-out of global help lines for associates to report incidents of misconduct cases in their native language

### **GRI indicators**

[3.7.2](#), [3.7.3](#), [SO 2](#), [SO 3](#)

**Additional information**

[www.eoa.org/](http://www.eoa.org/)

[www.celc.executiveboard.com](http://www.celc.executiveboard.com)

[www.ifpma.org](http://www.ifpma.org)

[www.oecd.org](http://www.oecd.org)

[www.iccwbo.org/policy/anticorruption/](http://www.iccwbo.org/policy/anticorruption/)