

ESG index - Governance

Strong governance supports the effective management of our business and is the basis of trust in our company. Our corporate governance framework – along with our internal controls and policies – is intended to support sustainable financial performance and long-term value creation for shareholders, patients, employees and other stakeholders.

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Corporate governance

Novartis is committed to good corporate governance. Our principles and rules on corporate governance are laid down in the Articles of Incorporation and the Organizational Regulations of Novartis AG. The Governance, Sustainability and Nomination Committee reviews these principles and rules periodically considering prevailing best practices and forwards suggestions for improvement to the full Board for approval.

Relevant links

- [Corporate governance](#)
- [General Meetings](#)

Board and executive remuneration

At Novartis, our compensation system seeks to reward our executives for delivering sustainable growth, successful outcomes on our financial and strategic targets, and value creation for our shareholders. We aim to be transparent in how we link executive compensation to performance, and continue to engage with shareholders and proxy advisors in this effort.

Relevant links

- [Annual Report \(PDF 3.1 MB\)](#)

Business ethics

Our Code of Ethics sets out our basic commitments to ethical business conduct. Our Doing Business Ethically policy reinforces our commitment to maintain high standards of ethical business conduct and to not tolerate any form of bribery or corruption. The external partner risk is governed by our External Partner Risk Management guidelines and Doing Business Ethically policy. Our SpeakUp Office investigates allegations of misconduct.

The design and execution of activities related to our ethical standards are continually audited as part of our annual Internal Audit engagements. These audits are based on standards from our Code of Ethics and other applicable regulations, and cover all our entities globally, using a risk-based engagement planning process.

See [ESG Data Summary \(PDF 0.1 MB\)](#) for metrics including: Code of Ethics training; anti-bribery training.

Relevant links

- [Code of Ethics \(PDF 2.2 MB\)](#)
- [Doing Business Ethically \(PDF 0.4 MB\)](#)

- [Anti-Bribery Report](#)
- [Third Party Code \(PDF 0.4 MB\)](#)
- [Conflicts of Interest Policy \(PDF 0.3 MB\)](#)

Grievance mechanism

The Novartis SpeakUp grievance mechanism enables internal and external stakeholders to report allegations of misconduct related to company operations or its supply chain. Allegations can be submitted anonymously. The mechanism is designed to protect those who use it in good faith against retaliation and maintains confidentiality throughout the reporting and investigation process.

See [ESG Data Summary \(PDF 0.1 MB\)](#) for metrics including: allegations; dismissals and resignations related to higher-risk misconduct cases.

Relevant links

- [Handling complaints: Novartis SpeakUp](#)
- [Human rights](#)
- [Non-Retaliation Policy \(PDF 0.3 MB\)](#)
- [Third Party Code \(PDF 0.4 MB\)](#)

Risk management

The Novartis Enterprise Risk Management (ERM) framework is designed to generate a holistic view of risks for the company and drive a culture of smart risk-taking that advances our strategy. While our Code of Ethics sets the ethical framework for all employees to manage risk across our business, risk management is a fundamental leadership responsibility that involves active engagement by leaders at each stage of the process.

The Board oversees risk management systems and processes through its Risk Committee. The Executive Committee of Novartis (ECN) fosters a culture of risk awareness, and reviews and validates the annual risk portfolio. ECN members are appointed as risk owners for relevant strategic risks. The ERM process is the responsibility of the Chief Legal and Compliance Officer.

Relevant links

- [Annual Report \(PDF 3.1 MB\)](#)
- [Enterprise risk management](#)
- [External Partner Risk Management \(EPRM\)](#)

Information security and data privacy

At Novartis, and as reflected in our Code of Ethics, we are committed to the responsible use of personal information in our business processes and the setting of the appropriate standards to achieve this purpose. We have robust governance, policies and systems in place to ensure the security of our data and IT systems, including Board-level oversight of cybersecurity through the Risk Committee, and management-level responsibility through our Chief Information Security Officer (CISO).

Relevant links

- [Privacy Hub](#)
- [Ethical Use of Data and Technology Policy \(PDF 0.3 MB\)](#)

- [Code of Ethics \(PDF 2.2 MB\)](#)
- [Our Commitment to ethical and responsible use of AI](#)

Responsible use of new technologies

Novartis recognizes that new technologies, including artificial intelligence (AI), are crucial for driving innovation and improving patient outcomes. We are committed to the responsible development, deployment and use of AI technologies, ensuring its use aligns with our Code of Ethics and our Data and Technology Policy.

Relevant links

- [Our Commitment to ethical and responsible use Artificial Intelligence \(AI\)](#)
- [Ethical Use of Data and Technology Policy](#)

Political engagement

At Novartis, we strive to engage in constructive dialogue with policymakers and other external stakeholders in addressing some of society's most challenging healthcare issues. Through our activities, we aim to help shape a legislative and regulatory environment that benefits patients and society, improves access to innovative medicines, and supports better health outcomes.

Our intent is to represent the perspective of Novartis in the policymaking process by providing data and insights that enable informed decision-making. We conduct all political engagement activities in a responsible and ethical manner in line with our Code of Ethics. Our activities include policy advocacy and engagement with stakeholders at global, regional and local level, participation in trade associations, and appropriately governed and transparent political contributions to support constructive political dialogue.

See [ESG Data Summary \(PDF 0.1 MB\)](#) for metrics including: lobbying expenditure; political contributions; membership in trade associations.

Relevant links

- [Public Policy](#)
- [Responsible Lobbying Global Guideline \(PDF 0.1 MB\)](#)

Tax disclosure

Novartis views tax as a core part of our contribution to society. Governance of tax matters 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.

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 in its annual 20-F filing to the US Securities and Exchange Commission and Annual Report filing to the SIX Swiss Exchange.

Relevant links

- [Tax Policy Statement \(PDF 0.2 MB\)](#)
- [Annual Report \(PDF 3.1 MB\)](#)

Transparency and disclosures

Transparent reporting and disclosure play a key role in building trust with society. Novartis applies and supports laws and regulations that promote transparency around relationships between healthcare companies and healthcare professionals, healthcare organizations and patient organizations, and related transfers of value. For patient organizations, Novartis goes beyond the reporting requirements set by the EFPIA (European Federation of Pharmaceutical Industries and Associations) Code of Practice. We publish a global report covering transfers of value made to patient organizations in all countries where we operate.

In our [Reporting and transparency hub](#), we also share our corporate disclosures, including our Report on Nonfinancial Matters, annual regulatory filings and governance documents such as policies and position on key issues.

Relevant links

- [Clinical trial transparency](#)
- [Patient organization funding](#)
- [Payments to Healthcare Professionals](#)
- [Reporting and transparency hub](#)
- [Positions on Key Issues](#)
- [Codes, Policies and Guidelines](#)

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