2009 UN Global Compact Communication on Progress

NOVARTIS

Novartis commitment to the
UN Global Compact
2009 Communication on Progress

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Principle 1

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 intergovernmental and nongovernmental organizations to combat malaria, leprosy and tuberculosis in developing countries. • Patient assistance program for oncology drug, *Gleevec/Glivec*, reaching patients worldwide. • Patient assistance programs for uninsured, low-income citizens in the US. • As part of the UN Millennium Villages project, the Novartis Foundation for Sustainable Development (NFSD) supports a region in Tanzania. • Research on neglected diseases (dengue fever, malaria and tuberculosis) by the Novartis Institute for Tropical Diseases (NITD). • Research on vaccines against diseases of the developing world by the Novartis Vaccines Institute for Global Health (NVGH). • Active participation of Novartis in the Human Rights Working Group of the UN Global Compact to advance thinking on compliance assessments for human rights as well as concepts for access to medicines. • Ongoing testing of the Human Rights Compliance Assessment tool on Novartis sites in cooperation with the Danish Institute for Human Rights (DIHR). Testing the tool particularly improves the methodology and the integration into existing management systems of pharmaceutical companies in general, and also triggers specific measures such as an improved infrastructure for associates with physical disabilities, more explicit policies regarding religious practices or increased training about appropriate job interviews. • Participation of Novartis in the Business Leaders Initiative on Human Rights (BLIHR) dissolved in 2009. • Innovative business model to address the health needs of underserved rural regions of India known as the bottom of the pyramid (BOP).
Results 2009	• Total 2009 access-to-medicine programs valued at USD 1.5 billion, reaching 79.5 million patients globally. • 84 million treatments of the anti-malarial *Coartem* delivered in 2009. • Novartis and partner Medicines for Malaria Venture launched *Coartem* Dispersible, a new child-friendly formulation, the most vulnerable group of malaria patients. Approved in almost 30 countries, 15 million treatments of *Coartem* Dispersible were delivered in 2009 to the public sector. • Extension of the Novartis tuberculosis (TB) drug donation to Tanzania, administered by the Novartis Foundation for Sustainable Development, committing to deliver a further 250 000 treatments over the next three to

	four years. • The NVGH was awarded a grant from the Wellcome Trust to develop a bivalent vaccine for typhoid fever, a disease that affects more than 21 million people worldwide every year. • The Novartis Institutes for BioMedical Research (NIBR) announced a partnership with The Institute for One World Health, a US drug development charity, to tackle secretory diarrhea – a disease that kills more than 1.6 million children a year in developing countries. • As part of the activities of the Human Rights Working Group of the UN Global Compact, Novartis launched a comprehensive project to review human rights due diligence activities, based on the human rights assessment tools currently available. • Novartis Indonesia tested a draft version of the Human Rights Compliance Assessment tool for pharmaceutical companies, developed in cooperation with the Danish Institute for Human Rights (DIHR). • Final BLIHR conference hosted by Novartis in April 2009 to follow up on BLIHR's work aimed at integrating human rights into business activities. • The "Arogya Parivar" business model in India expanded to increase accessibility of health education and products for 32 million predominantly underprivileged people in India.
Targets 2010	• Participate in the ongoing debate on human rights' due diligence and access to health, inter alia through the Human Rights Working Group of the UN Global Compact. • Apply the learnings of the four applications of the DIHR Human Rights Compliance Assessment tool and further develop the established human rights due diligence methodology, in particular with Novartis China. • Complete a comprehensive review of human rights due diligence activities based on the human rights assessment tools currently available. • Extend reach of "Arogya Parivar" in India to 50 million people and initiate similar programs in China and sub-Saharan Africa.
GRI indicators	• HR1, HR2, HR3, HR8, HR9
Additional information	→ http://www.corporatecitizenship.novartis.com/people-communities/human-rights.shtml → www.novartisfoundation.com → www.nitd.novartis.com → www.nvgh.novartis.com → www.who.int/en/ → www.un.org

Principle 2

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	• Closing any gaps identified on living wages to ensure employees and their families can meet their basic material needs. • Third Party Management: continue to expand and enhance our process, for the seventh consecutive year, to more accurately reflect and support the promotion and monitoring of the UN Global Compact principles within our supply chain. This is done through consistent classification of suppliers and follow-up through varying degrees of communication and interaction as necessary – either through informative communication, self-assessment questionnaires or on-site assurance visits. Our third party management process is deployed in 230+ different locations with an established organization of 300 associates to actively support these efforts within our supply chain of circa 200 000 suppliers. • Third party code of conduct is communicated to all class 1 suppliers (professional services, market research, etc.) to promote the Novartis and UN Global Compact principles. • Third party compliance assessment (through questionnaires) for class 2 suppliers (chemical products, construction, etc.) where there could be a potential nonconformity to the values of the UN Global Compact. • Third party compliance assessment through on-site assurance visits for class 3 suppliers (contract manufacturing, waste management, animal testing, etc.) deemed to have a significant influence on Novartis business activities and a very high probability of nonconformity to the values of the UN Global Compact.
Results 2009	• Living wage: the wage-level review identified no case of Novartis employees earning less than the living wage (3 in 2008; 11 in 2007; 21 in 2006; 93 in 2005). • Third party management: – Conducted 156 supplier audits in 2009 in countries ranging from Argentina, Brazil and China to Colombia, India and Mexico. – Received and assessed 750 third party questionnaires. – Held webinars for Novartis third party management associates from 11 countries. – Piloted a CC5 supplier roundtable in India with representatives from 10 long-standing Indian suppliers in order to better understand their experiences with Novartis CC5 practices.
Targets 2010	• Continue to use established process to update living-wage levels annually and adjust salaries of any associates found below those levels. • Third party management: optimize current approach to third party management to improve quality and effectiveness by focusing on key risks in the supply chain.

	• Continue to run assurance visit program for third party suppliers from high-risk countries and/or industries.
GRI indicators	• HR1, HR2, HR6, HR7
Additional information	→ http://www.corporatecitizenship.novartis.com/people-communities/human-rights.shtml → http://www.corporatecitizenship.novartis.com/business-conduct/business-practice/third-party-management.shtml

Principle 3

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 6 on freedom of association: "Suppliers shall respect the rights of workers, as set forth in local laws, to associate freely, join or not join labor unions, seek representation and join workers' councils. Workers shall be able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment."
Projects and activities	• Novartis Euroforum (NEF) is an association consisting of Novartis employee representatives in EU countries and Switzerland. NEF represents approximately 28 000 employees and ensures a dialogue 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). • Continue reporting on corporate citizenship aspects related to human resources.
Results 2009	• 53% of associates worldwide are represented by a trade union or covered by a collective bargaining agreement. • 37% of associates are represented by internal personnel organizations. • 16% of associates are represented by external personnel organizations (unions). • 68% of associates are explicitly informed about freedom of association.
Targets 2010	• Pursue internal communication on freedom of association (the aspiration is that all employees are informed).
GRI indicators	• HR5, LA3, LA4, LA5, LA6
Additional information	→ www.corporatecitizenship.novartis.com/managing-cc/governance/code-policies-guidelines.shtml → http://www.corporatecitizenship.novartis.com/people-communities/human-rights.shtml

Principle 4

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 exploitational 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 labor: "Suppliers shall not use forced, bonded or indentured labor or involuntary prison labor. "
Projects and activities	• Monitor adherence to labor standards within our operations. • Monitor adherence to labor standards within our supply chain (through assurance visits).
Results 2009	• No forced and no compulsory labor found. • No associates were found below 18 who were not part of a regulated training scheme.
Targets 2010	• Continue to monitor human rights compliance within our operations and supply chain.
GRI indicators	• HR7
Additional information	➔ www.corporatecitizenship.novartis.com/managing-cc/governance/code-policies-guidelines.shtml ➔ http://www.corporatecitizenship.novartis.com/people-communities/human-rights.shtml

Principle 5

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 10 on labor: "Suppliers shall not use child labor."
Projects and activities	• Monitor adherence to labor standards within our operations. • Monitor adherence to labor standards within our supply chain (through assurance visits).
Results 2009	• No associates were found below 18 who were not part of a regulated training scheme.
Targets 2010	• Continue to monitor human rights compliance within our operations and supply chain.
GRI indicators	• HR6
Additional information	→ www.corporatecitizenship.novartis.com/managing-cc/governance/code-policies-guidelines.shtml → http://www.corporatecitizenship.novartis.com/people-communities/human-rights.shtml

Principle 6

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 10 on labor: "Suppliers shall provide a workplace free of harassment and discrimination. Discrimination for reasons such as race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status is not condoned."
Projects and activities	• Group-wide Diversity and Inclusion (D&I) initiative to promote greater diversity of talent, inclusion, engagement, innovation and customer/patient focus throughout the organization. • Diversity and Inclusion Advisory Council (DIAC), created in 2006, comprises external experts who advise Novartis on the development and implementation of diversity and inclusion strategies and practices. The DIAC meets semiannually with Novartis leaders to support and challenge the company's progress. The DIAC also holds open meetings with associates. • Input into European Commission activities including the European platform for national diversity charters and the first-ever European Diversity Benchmark and European Diversity Award. • Initiatives where Novartis divisions are linking Diversity and Inclusion (D&I) to culture, talent and the marketplace. • Establish D&I measures linked to the performance management process to ensure leaders and managers are role models. • Cross-mentoring program for female students at Basel University (Switzerland) on career opportunities in pharmaceutical companies.
Results 2009	• Created Group-wide D&I vision, focusing on culture, talent and markets. • Established formal Diversity and Inclusion (D&I) Leadership network with divisional D&I leaders; defined a strategy to support the business case; and introduced metrics to measure progress. • Divisions and business units have implemented D&I Councils, Global/CEO diversity award programs, mentoring initiatives and various training programs such as Winning Styles, Inclusive Leadership and Creative Teams. • Novartis invited to participate in the European Commission's Third EU Equality Summit held in Stockholm • Novartis completed its first-ever Global Employee Survey across the entire organization with a stellar response rate of 90%; 88% of respondents declared they "fully support the values for which the

	organization stands" and 79% gave Novartis positive scores for integrity and social responsibility. • Women in management (local definitions and job grades) was 35 % in 2009 (37% in 2008; 35% in 2007; 31% in 2006; and 28% in 2005). • The Corporate Executive Group (CEG) of Novartis – representing approximately the 300 most senior executives of Novartis – includes at least 28 nationalities. The proportion of women at CEG level has climbed to 19.2% in 2009 from 10% in 2005. In the Novartis Institutes for BioMedical Research – the research arm of Novartis – women now comprise 21.4% of the CEG population up from 8% in 2005. • Novartis Global D&I Leadership Forum on "Celebrating differences – sustaining growth" held in Lucerne, Switzerland, with 400 associates. • For the ninth 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. • Novartis recognized among the "Top 50 Companies for Diversity" in the US for the fifth year in a row by *DiversityInc* magazine.
Targets 2010	• Create divisional D&I action plans based on results from the 2009 Global Employee Survey conducted at Novartis. • Implement standards linked to the performance management process at Novartis to ensure leaders and managers are role models. • Develop internal and external staffing strategies to further improve diversity of talent.
GRI indicators	• EC5, EC6, HR4, LA10, LA11, LA12, LA13, LA14
Additional information	→ http://www.corporatecitizenship.novartis.com/people-communities/our-people/diversity.shtml → www.pharma.us.novartis.com

Principle 7

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 risk management (#3); biosafety (#4); warehousing (#6); hazardous waste management (#7); transportation (#11); energy management (#13); energy standards for buildings and equipment (#14). • 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. • Business Continuity Management (BCM) efforts on pandemic preparedness (reviewed by a group audit).
Results 2009	• Management of HSE risks – 13 corporate HSE and bio-safety audits and 18 divisional and business unit audits conducted in 2009. – Good progress was made in 2009, as a significant number of risks could be removed from the 2008 Group Risk Portfolio. • HSE training – 1 international course on computer-supported risk analysis method was conducted in Basel, with 19 participants trained. – 1 regional course on systematic incident investigation was held in Kundl, Austria, with 23 participants trained. – 4 regional energy workshops were held in Singapore, Barcelona (Spain), Sao Paulo (Brazil) and Cambridge (Massachusetts, USA). – 6 process safety courses were held in Istanbul, Atlanta, Ljubljana, East Hanover, Sao Paulo and Ringaskiddy, with a total of 140 participants being trained.

	– 3 training courses on HSE data management and reporting were held in Sao Paulo (1) and Basel (2). – 5 new courses placed on the Novartis Virtual University, accessible to employees worldwide. • Business Continuity Management (BCM) – In 26 corporate Novartis Emergency Management workshops, 276 participants were trained in emergency management. – In 1 corporate BCM workshop, 29 participants were trained in aspects of business continuity management.
Targets 2010	• Management of HSE risks – 14 corporate HSE and bio-safety audits and 28 divisional and business unit audits are scheduled for 2010. – Preparation of the annual divisional and corporate risk portfolios and respective risk minimization actions. • HSE training – 4 energy workshops, 2 process safety and 3 data management system (DMS) face-to-face introduction trainings are scheduled, as well as the continuous development of HSE DMS e-learning modules. – Additional courses placed on the Novartis Virtual University, accessible to employees worldwide. • Business Continuity Management (BCM) – At least 20 corporate Novartis Emergency Management workshops are planned for 2010. – 10 international workshops are planned to support final implementation and testing of BCM and readiness. – A Corporate HSE Business Continuity and Emergency Management conference will be held in 2010.
GRI indicators	• 4.11, EC2, EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30
Additional information	→ http://www.corporatecitizenship.novartis.com/environmental-care/index.shtml → http://www.corporatecitizenship.novartis.com/business-conduct/responsible-rd/stem-cell-research.shtml

Principle 8

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 8 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 11 on health and safety: "Suppliers shall provide a safe and healthy working environment, including for any company provided living quarters." • Corporate citizenship guideline 5 on third party management, point 12 on the environment: "Suppliers shall operate in an environmentally responsible and efficient manner and they shall minimize adverse impacts on the environment." • HSE guidelines: HSE management (#1); Novartis emergency management (# 2); HSE risk management (#3); bio-safety (# 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); energy management (#13); energy standards for buildings and equipment (#14). • HSE guidance notes: risk portfolio (1.1); performance management (1.2); and energy management (1.3).
Projects and activities	• Health – Reducing accidents through behavior-based safety training for associates. • Resources – Energy efficiency (Kyoto strategy): investment policy, mandatory energy challenges on investments, regular workshops on energy management, and Novartis Energy Excellence Awards. – Water management: efficiency measures for contact water and promotion of water recycling. • Environment – GHG emission management (Scope 1 and Scope 2): fuel switch to gas (level of 91% achieved), support of renewable resources (bio-fuels, gas from waste, solar, combined heat and power systems), air conditioning with surface or groundwater water. – Waste management: waste separation and recycling/recovery strategies, segregation of materials in the demolition of old buildings, policy to favor recycling and incineration wherever feasible, and elimination of hazardous waste to landfill. – 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 2009	• Health
	– The Lost Time Injury & Illness Rate (LTIR) was further reduced from 0.34 in 2008 to 0.22 per 200 000 hours in 2009.
	– The Total Recordable Case Rate (TRCR), based on the total number of injuries and illnesses with and without lost time, stands at 0.94 per 200 000 working hours for 2009 (down from 1.09 in 2008).
	• Resources
	  – Novartis exceeded its 2.5% energy efficiency annual target by improving its energy efficiency by 7% in 2009. This is subject to the target, established in 2007, calling for a 10% improvement by 2010 based on 2006 levels.
	  – In 2009, contact water efficiency improved by 9%.
	• Environment
	  – In 2009 Novartis was able to reduce on-site GHG emissions by 1% despite continuing growth.
	  – Reduction of CO_2 emissions from the company vehicles fleet from 184kt to 177kt.
	  – Carbon-offsetting: in Argentina, land was purchased for afforestation to sequester carbon. Starting in 2007, a total of 2350 hectares have been planted, representing about 3 million trees. In 2008 and again in 2009, the project received Forest Stewardship Council certification. Novartis is also sponsoring a jatropha plantation and bio-energy project in Mali with 1 800 ha of jatropha plantations realized, and first steps of biofuel generation are under way. Jatropha is a plant that can serve as a raw material for production of biofuel.
	  – Novartis achieved a further reduction in emissions of non-halogenated VOCs in 2009 to 1 529 tons, from 1 630t in 2008.
	  – Emissions of halogenated VOCs decreased to 211t in 2009 from 238t in 2008.
	  – Hazardous operational waste disposed in landfills increased to 4.7t in 2009 from below 1t in 2008. Novartis has virtually eliminated disposing of hazardous waste to landfills. The increase in 2009 is due to the fact that one site's waste contractor was found to have not treated the waste as required in the contract, but disposed in a landfill. The contractor has since been replaced and all subsequent waste at the site will in future be incinerated.

Targets 2010	• Health
	  – The TRCR target for 2010 is to ensure uniform measurement across the Group and then target 10% annual improvements.
	  – The objective for 2010 is to reduce LTIR to 0.20.
	• Resources
	  – 10% energy efficiency improvement by 2010 (base year 2006). 2010 marks the final year of the four-year target.
	  – 10% contact water efficiency improvement by 2010 (base year 2005). 2010 marks the final year of the five-year target.
	• Environment
	  – Absolute reduction of Scope 1 GHG emissions (without vehicles) by 5% for the period 2010 to 2012 (based on 1990 level).
	  – 10% reduction of CO_2 emissions from owned and leased vehicles by 2010 (base year 2005). 2010 marks the final year of this five-year target.
	  – Reduction of halogenated VOC emissions to 200 tons by 2010. Reduction of non-halogenated VOC to 1 500t in 2010.
	  – Reduction of intensity of total hazardous waste non recycled per production by 10% by 2012.
	  – Reduction of intensity of total non-hazardous waste not recycled per headcount by 20% by 2012.

	– 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.
GRI indicators	• EC2, EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, LA6, LA7, LA8, LA9, PR1, PR2
Additional information	→ http://www.corporatecitizenship.novartis.com/environmental-care/index.shtml → http://unfccc.int/2860.php

Principle 9

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 21 on improvement programs and special support: "In cases where the results of the assurance visits and inquiries are unsatisfactory, Novartis may assist the Third Party in developing an improvement program designed to raise the level of compliance with the Third Party Code of Conduct."
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 2009	• In 2009, the Novartis Energy Excellence Awards included 69 projects with the potential to save annual energy consumption by 1 060TJ (or more than 6% of total) and 24kt total Scope 1 and 107kt for Scope 2 GHG emissions. They are expected to bring annual cost savings of USD 24.5 million. Twelve projects include the use of renewable energy, and two-thirds have a payback time of less than two years. The release rate of our priority active pharmaceutical ingredients (API) from the Pharmaceuticals Division with waste water streams has been reduced to less than 1.9t (or below 0.05%) of the total API production volume.
Targets 2010	• Energy Excellence Awards in energy efficiency and GHG emission reduction will continue in 2010. • 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 in particular with a research project on the eco-toxicological effects of pharmaceuticals launched in 2007.
GRI indicators	• EC2, EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30
Additional information	↦ http://www.corporatecitizenship.novartis.com/environmental-care/index.shtml

Principle 10

Principle 10 - Anti-corruption: Businesses should work against corruption in all its forms, including extortion and bribery.

Commitment and policies	• Code of conduct, section 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. "Novartis will not engage in any form of bribery. In plain language bribery means money or favor given or promised in order to influence the judgment or conduct of a private person or public official in a position of trust. " "All associates and managers of Novartis and its affiliates ("Novartis") shall at all times comply with the law. They have the duty to inform themselves about the national and international laws relating to their business activities. Activities that would violate local or international criminal law may under no circumstances be carried out even if they may seem permissible under this policy." • Promotional codes established for each Novartis division. The intent behind the 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. • Code of conduct, section 5: Conflict of Interest: "Business transactions must be conducted with the best interests of Novartis in mind. Nobody, whether an individual, a commercial entity, or a company with a relationship to a Novartis employee, may improperly benefit from Novartis through his or her relationship with the employee or as a result of the employee's position in the company. Furthermore, no employee may personally benefit in an improper way. Situations which may cause conflict between an employee's responsibilities towards Novartis and his or her personal interests should be avoided." • Conflict of Interest policy dealing with giving and receiving gifts. "An Associate's personal interests should never influence his/her business judgment or decision-making on behalf of Novartis. Novartis fully respects the Associates' private life, but expects Associates to avoid situations that could result in a conflict between their personal interests and those of the company. The Conflicts of Interest Policy provides rules on how to avoid or handle such conflicts." • Provision in employment contracts: "The Code of Conduct, the Novartis Group Conflicts of Interest Policy, the Guidelines on Reporting Violations of Law and Policies and all other Novartis policies, procedures, guidelines and other such items applicable to your work are to be adhered to by you and you are aware that a violation of such policies could lead to disciplinary actions up to and including termination of the employment."
Projects and activities	• Continued implementation of an Integrity and Compliance(I&C) Program throughout the company, with more than 200 full- or part-time Integrity and Compliance Officers. • Training of employees on Code of Conduct-related issues. • Certification of managers on adherence to Novartis Code of Conduct and ethical business practices.

	• Managing inquiries and complaints (through the Business Practices Office, BPO, charged with receiving and investigating misconduct cases worldwide).
Results 2009	• A revised version of the Code of Conduct prepared for senior management approval. • New face-to-face leadership training programs piloted and launched while online training programs for integrity management were rolled out to multiple audiences. • Divisional promotional codes updated where relevant, and training conducted. • Divisional Compliance Committees established in Sandoz, Consumer Health and Vaccines and Diagnostics. • New mandatory e-learning courses launched in 17 languages on topics such as Misconduct Reporting Requirements (BPO), Health, Safety and Environment in the Workplace, Novartis Promotional Practices Policy (NP4), Off-Label Promotion and Adverse Event Reporting and Drug Safety. • 83% of all invited associates trained on the Novartis Code of Conduct and 86% on Corporate Citizenship through the e-learning program. • 155 246 e-training courses completed on ethics compliance worldwide. • 29 493 associates trained on Code of Conduct. • 26 300 managers certified on adherence to the Novartis Code of Conduct. • The BPO received 913 complaints that became investigations. To date, 453 of the complaints reported during 2009 have been fully investigated and 258 fully or partly substantiated. Employment contracts of 132 associates were discontinued while 66 warning letters were issued and appropriate training undertaken to improve behavior. • Global Novartis Animal Welfare Forum held with about 50 participants. • Projects at the Novartis Institutes for BioMedical Research (NIBR) and Vaccines and Diagnostics Division recognized with the first Novartis 3R awards (Reduction, Refinement and Replacement). • More than 70 third party audits of animal-welfare related processes were performed, of which more than 20 in countries with weak laws and regulations. Four audited sites were judged unacceptable for Novartis studies. Third parties were coached on Novartis standards; quality of study protocols improved at several sites. • Novartis recognized as one of the “World’s Most Ethical Companies” by *Ethisphere Magazine*. • Novartis named a leader in the pharmaceutical sector by the Dow Jones Sustainability Index. Novartis scored 100% on “Codes of Conduct/Compliance/Corruption and bribery,” a factor with increased weight in 2009. • Novartis ranked number two by *Fortune magazine* on its list of the "World's Most Admired Companies" in the pharmaceutical industry.
Targets 2010	• Strengthen organizational processes that foster key drivers of ethical business conduct. Improve responsible leadership skills through further integration of integrity into leadership training. • Drive cross-divisional organizational development (develop career path for integrity managers, leadership, talent management). • Strengthen clearance and self-monitoring processes within divisions with regards to fair marketing practices. • Continuous risk assessment of internal animal experiments based on internal rules and Standard Operating Procedures (SOPs). Promote and monitor in-house animal welfare compliance. Continuous risk assessment of third party providers based on Novartis Standards and SOPs. Promote best animal welfare practices at third parties. Continuous monitoring of animal welfare-related processes at Novartis facilities in

	Asia. Promote the 3Rs within Novartis and assign Novartis 3R awards.
GRI indicators	• 4.3, 4.6, 4.8, PR6, PR7, PR8, PR9, SO2, SO3, SO4, SO7, SO8
Additional information	→ http://www.corporatecitizenship.novartis.com/business-conduct/index.shtml → www.eoa.org/ → www.celc.executiveboard.com → www.ifpma.org → www.oecd.org → www.iccwbo.org/policy/anticorruption/ → http://www.ethisphere.com/