2008 UN Global Compact Communication on Progress

NOVARTIS

Novartis commitment to the
UN Global Compact
2008 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). • 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 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. • Active participation of Novartis in the Business Leaders Initiative on Human Rights (BLIHR).
Results 2008	• Total 2008 access-to-medicines programs valued at USD 1.259 billion, reaching 73.7 million patients globally. • Shipped 73.7 million treatments of *Coartem* in 2008. • A new pediatric formulation of the antimalarial drug *Coartem* – *Coartem*® Dispersible – was approved by Swiss health authorities in December 2008 (to be launched during 2009) for children with malaria. Earlier in April, Novartis had announced a 20% average reduction in the price of *Coartem*. • Novartis South Africa tested the Human Rights Compliance Assessment tool in cooperation with the Danish Institute for Human Rights (DIHR). • Supported the DIHR in testing proposed elements of a pharma-specific version. • Built part of the steering group to develop the prototype of the online BLIHR matrix, presented at the 60th anniversary of the Universal Declaration of Human Rights.

	• Published article on corporate responsibilities for access to medicines in the *Journal of Business Ethics*. • In Brazil, the local Novartis organization added more than 80 disabled people to its payroll, in line with national legislation to step up recruitment of people with disabilities.
Targets 2009	• Participate in the Human Rights Working Group of the UN Global Compact to advance thinking on human rights compliance assessments and access-to-medicines concepts. • Test the BLIHR Matrix tool for a cross-check of the company's main policies regarding completeness in terms of human rights. • Pilot a Human Rights Compliance Assessment in China and continue to facilitate the development of a pharma-specific version by sharing the pioneering experience.
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 → www.blihr.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 sixth 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 230 000+ 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 2008	• Living wage: the wage-level review identified three cases globally of Novartis employees earning less than the living wage (11 in 2007; 21 in 2006; 93 in 2005). • Third-party management: – Active participant in the Pharmaceutical Supply Chain Initiative. – Completed 250 on-site audits. No major issues were found from the audits. – 600 third-party questionnaires were received and assessed. – Published internal training material in six different languages and conducted training workshops in eight countries on four continents with more than 350 associates participating. – Held awareness and training workshops for Novartis third-party management associates from 11 countries.
Targets 2009	• Continue to use established process to update living-wage levels annually and adjust salaries of any associates found below those levels.

	• Third-party management: audit 150 additional third-party suppliers from high-risk countries. Assess compliance level of 400 additional third parties through questionnaires. Conduct supplier training programs to foster social responsibility at suppliers' manufacturing sites.
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). • Expand scope and quality of data reporting on corporate citizenship aspects related to human resources.
Results 2008	• 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 2009	• 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 2008	• No forced and no compulsory labor found. • No associates were found below 18 who were not part of a regulated training scheme.
Targets 2009	• 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 2008	• No associates were found below 18 who were not part of a regulated training scheme.
Targets 2009	• 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 initiative to promote greater diversity of talent 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. • Cross-mentoring program for female students at Basel University (Switzerland) on career opportunities in pharmaceutical companies.
Results 2008	• Novartis divisions have created Diversity and Inclusion (D&I) strategies and action plans. Further, D&I targets have been integrated into objectives of senior Novartis managers around the world. • Women in management (local definitions and job grades) rose to 37% in 2008 (35% in 2007; 31% in 2006; and 28% in 2005). • The proportion of women in the Corporate Executive Group (CEG) of Novartis – representing the 350 most senior executives of Novartis – has climbed to nearly 20% in 2008 from 10% in 2005. In the Sandoz division (generics), women now comprise almost 21% of CEG members up from zero in 2005; in the Novartis Institutes for BioMedical Research – the research arm of Novartis – women comprise 18% of the CEG population up from 8% in 2005. • Two of the 11 members of the Novartis Board of Directors are women. • Fourth Novartis Female Leadership Forum held in Basel with 340 associates from 40 countries. • For the eighth 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.

	• In Brazil, the local Novartis organization added more than 80 disabled people to its payroll, in line with national legislation to step up recruitment of people with disabilities. • Novartis recognized among the "Top 50 Companies for Diversity" in the US for the fourth year in a row by *DiversityInc* magazine.
Targets 2009	• Continue to leverage Diversity & Inclusion (D&I) to enhance marketing effectiveness, improve integration of D&I in talent development and improve training programs on D&I. • Continue divisional implementation, according to business needs.
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 in development and production (#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 2008	• Management of HSE risks – Regular HSE audits are conducted to provide direct support and guidance to Novartis sites to identify and reduce or eliminate risks. Divisions control the implementation of the determined measures, which are also reviewed at a corporate level. – Good progress was made in 2008, as a significant number of risks could be removed from the 2007 Group Risk Portfolio. • HSE training – 2 international training courses on a computer-supported risk analysis method were conducted in the US and Asia. – 3 regional energy workshops were held in Asia, the US and Europe. – 8 process safety courses were held in Europe and Asia, with a total of 180 participants being trained.

	– 2 training courses on HSE data management and reporting were held in the US and Europe. • Business Continuity Management (BCM) – In 36 corporate NEM workshops, 557 participants were trained in emergency management. – In 11 corporate BCM training workshops, 133 participants were trained in aspects of business continuity management. – Business Continuity & Emergency Management conference was held in April 2008.
Targets 2009	• Management of HSE risks – 13 corporate HSE and bio-safety audits and 17 divisional and business unit audits are scheduled for 2009. – Preparation of the annual divisional and corporate risk portfolios and respective risk minimization actions. • HSE training – 2 international risk analysis courses, 4 energy workshops, 5 process safety and 2 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 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. – At least 20 corporate Novartis Emergency Management workshops are planned for 2009.
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 protection in development and production (#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 90% 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 2008	• Health – The Lost Time Injury & Illness Rate (LTIR) was further reduced from 0.42 in 2007 to 0.34 in 2008. – The new KPI Total Recordable Case Rate (TRCR) was introduced in 2008. The rate is based on the total number of injuries and illnesses with and without lost time, and currently stands at 1.08 per 200 000 working hours for 2008 (down from 1.41 in 2007). This indicator will be used as a measure of performance from 2008 onwards. • Resources – Novartis exceeded its 2.5% energy efficiency annual target by improving its energy efficiency by 8% in 2008. This is subject to the target, established in 2007, calling for a 10% improvement by 2010 based on 2006 levels. – In 2008, contact water efficiency improved by 27%. • Environment – In 2008 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 186kt to 175kt. – Carbon-offsetting: in Latin America, land was purchased for reforestation to sequester carbon. In 2007 and 2008, a total of 1885 hectares were planted with approximately 2.2 mio saplings. Novartis is also sponsoring a jatropha plantation and bio-energy project in West Africa with 1300 ha of jatropha plantations realized. 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 2008 to 1594 tons, beating the interim target of 1677 tons. – Emissions of halogenated VOCs increased from 168t in 2007 to 224t in 2008. – Reduction of hazardous operational waste disposed in landfills declined to below 1t, from 99t in 2007.
Targets 2009	• Health – The TRCR target for 2009 is to reduce by 10% the 2008 rate. – The objective for 2009 is to reduce LTIR to 0.31. • Resources – 10% energy efficiency improvement by 2010 (base year 2006). – 10% contact water efficiency improvement by 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 CO_2 emissions from owned and leased vehicles by 2010 (base year 2005). – Halogenated VOC emissions are expected to remain unchanged during 2009 due to significant lead times required to change production processes; 2008 target of 220t. – Reduction of non-halogenated VOC to 1550t in 2009. – 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 2008	• In 2008, the Novartis Energy Excellence Awards included 46 projects with the potential to save annual energy consumption by 350TJ (or 2% of total) and 34kt total Scope 1 and Scope 2 GHG emissions (or 2.6% of total). They have already achieved annual cost savings of USD 17 million. More than half of the projects 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 below 0.05% of the total API production volume.
Targets 2009	• Energy Excellence Awards in energy efficiency and GHG emission reduction will continue in 2009. • With relaxed investment rules and promotional and educational activities, Novartis supports the achievement of increasing energy excellence in its facilities worldwide. • Implementation of newly released guidelines on energy management and on energy standards for new buildings and equipment. • 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	• Policy Management Project designed to clarify and simplify internal policies and standards. • Implementation of an Integrity & Compliance 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 2008	• Corporate Citizenship Guideline 3 on "Business Ethics – Bribes, Gifts & Entertainment" and "Novartis Pharma Principles and Practices for Professionals" (NP4) updated and broadened to set additional global minimum standards for both promotional and non-promotional activities, such as interactions with healthcare professionals, patients and the donation of grants. Pharma associates were trained in all regions. • New mandatory e-learning courses launched in 14 languages on topics such as conflicts of interest and anti-bribery. • 94% of all associates trained on the Novartis Code of Conduct and 88% on Corporate Citizenship through the e-learning program. • 178 655 e-training courses completed on ethics compliance worldwide. • 26 750 managers certified on adherence to Novartis Code of Conduct. • Integrity modules included into the Novartis Leadership Development Program. • Launched Integrity and Compliance training for new managers in Novartis Consumer Health Division. • New Integrity & Compliance Intranet site launched, with easy access to standards, polls on integrity issues, a news section and specific tools for Integrity Officers. • The BPO received 884 complaints that became investigations. To date, 390 of the complaints reported during 2008 have been fully investigated and 231 fully or partly substantiated. Employment contracts of 162 associates were discontinued while 66 warning letters were issued and appropriate training undertaken to improve behavior. • A system for web reporting was introduced to further facilitate the reach of persons who wish to report misconduct to the Business Practices Office (BPO). In locations where access to the Internet isn't available, an awareness program was launched to increase the understanding of BPO activities. • The Dow Jones Sustainability Index (DJSI) named Novartis healthcare super sector leader in 2008. Novartis scored 100% on "Codes of Conduct/Compliance/Corruption and bribery." • Novartis recognized as one of the "World's Most Ethical Companies" by *Ethisphere Magazine*. • Novartis moved up five positions from 2007 in the "World's Most Respected Companies" list released by the US business magazine *Barron's*. "Ethical practices" were cited among the most important attributes of respect toward large corporations.
Targets 2009	• Finalize new policy framework and update Code of Conduct to include additional key behavioral standards (such as innovation, customer focus, diversity, etc.). • Review codes in all divisions for inclusion, where relevant, of both promotional and non-promotional activities, such as interactions with healthcare professionals, patients and the donation of grants. • Roll out new leadership training for all levels of management. • Develop e-training courses on additional Integrity and Compliance topics. • Reform the Global Compliance Steering Committee to align strategy and objectives for the Integrity & Compliance organization.
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/