



# Policy statement of the Novartis Pharma GmbH on the Supply Chain Due Diligence Act (SCDDA)

## 1. Novartis Pharma GmbH

Novartis is a focused innovative medicines company. Every day, we work to reimagine medicine to improve and extend people's lives so that patients, healthcare professionals and societies are empowered in the face of serious disease. Our medicines reach more than 250 million people worldwide. In Germany, Novartis employs about 2.600 people work at seven locations.

### Our Culture and Values

Our culture and values help us to reimagine medicine. Talented, committed, and responsible employees from a wide range of professional backgrounds are indispensable. We want to unleash the full potential of our employees and build a culture driven by inspiration, curiosity, and accountability.

Novartis is committed to sustainability. Part of the measures to achieve sustainability in our corporate governance concerns the protection of human rights and the environment, as anchored in the Supply Chain Due Diligence Act (SCDDA) (= Lieferkettensorgfaltspflichtengesetz (LkSG)). This Policy Statement on SCDDA describes our measures to protect human rights and the environment along the supply chain and in our own company.

## 2. Our Guiding Principles for Business and Human Rights

We consider the protection of human rights as a central element of our corporate responsibility. We base our commitment to respecting human rights on the 1948 United Nations General Declaration of Human Rights (GDHR) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. We are committed to respecting internationally recognized human rights, observing them in our own business operations and along our value chains. In accordance with section 2 SCDDA, this includes in particular the prohibition of child and forced labour, the prohibition of all forms of slavery and discrimination as well as the strengthening of freedom of association. We are also committed to complying with health and safety regulations, paying reasonable wages, prohibiting forced evictions, and the inappropriate use of security guards if their use is associated with the risk of violating or limiting human rights, and the prohibition of pollution. We are, inter alia, committed to the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants (POP Convention), the Basel Convention, the Pharmaceutical Supply Chain Initiative, the United Nations Global Compact, the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

This statement illustrates our fundamental commitment to respecting human rights, which is already reflected in other company policies<sup>1</sup>. This includes, but is not limited to, our

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<sup>1</sup> <https://www.novartis.com/esg/reporting/codes-policies-and-guidelines>

Third-Party Code<sup>2</sup>, Novartis Code of Ethics<sup>3</sup>, our Human Rights Commitment Statement<sup>4</sup> and our group-wide environmental, sustainability and governance efforts<sup>5 6</sup>.

The principles set out here apply to our own business activities and to all employees of the Novartis companies in Germany. In addition, we expect our suppliers and all other relevant business partners to commit to the principles set forth herein and to implement appropriate processes to respect human rights and environmental protection. This includes providing information on how to comply with the stated principles when requested.

We always comply with applicable law. In cases where international human rights are restricted by local laws, we strive to promote the principles behind international standards without conflicting with local laws. Where local laws go beyond international standards, we will follow them.

### **3. Implementation in the company**

To meet our due diligence obligations under the SCDDA, we use our risk based External Partner Risk Management (EPRM) processes to identify, analyze and environmental human rights and environmental risks and mitigate their potential risks. We will continuously adapt this policy statement to current circumstances, if necessary.

We will incorporate the results of our risk analyses into relevant business processes, particularly into our supplier management systems. Where risks occur, we implement appropriate preventive measures:

- Our suppliers are examined inter alia for labor-, occupational safety-, human rights- and environmental-related criteria before concluding a contract. At regular intervals, we repeat the risk assessment for existing suppliers. If risks are identified during the supplier evaluation, these risks are addressed to the suppliers as part of an established risk monitoring and risk elimination process and the implementation of effective corrective measures are tracked.
- Our suppliers are contractually bound to comply with the Third-Party Code. In the event of a violation, we claim audit rights and require the supplier to remedy the violation. The obligation to comply with the principles of the Third-Party Code must also be passed on to the subcontractors of our suppliers. This ensures our principles are complied with along the supply chain.
- We require our suppliers to advise their employees of compliance with the Third-Party Code in the relevant business areas and to train them accordingly.
- The health and safety of our employees is our top priority. By implementing consistently high standards across our sites, we are continuously working to create a safe and healthy work environment. Our employees participate in regular training sessions to promote safety-conscious behaviour.
- As a pharmaceutical company, we are subject to strict regulations on product safety. Compliance with legal and internal requirements for Good Manufacturing Practice (GMP), Good Clinical Practice (GCP), Good Distribution Practice (GDP) and product safety are essential topics for us. For decades Novartis has had effective processes in place to ensure the quality and safety of our products for patients (e.g., pharmacovigilance).

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<sup>2</sup> [https://www.novartis.com/sites/novartis\\_com/files/novartis-third-party-code-v-3.pdf](https://www.novartis.com/sites/novartis_com/files/novartis-third-party-code-v-3.pdf)

<sup>3</sup> [https://www.novartis.com/sites/novartis\\_com/files/code-of-ethics-english.pdf](https://www.novartis.com/sites/novartis_com/files/code-of-ethics-english.pdf)

<sup>4</sup> [https://www.novartis.com/sites/novartis\\_com/files/novartis-human-rights-commitment-statement.pdf](https://www.novartis.com/sites/novartis_com/files/novartis-human-rights-commitment-statement.pdf)

<sup>5</sup> [https://www.novartis.com/sites/novartis\\_com/files/global-materiality-assessment-2021-report.pdf](https://www.novartis.com/sites/novartis_com/files/global-materiality-assessment-2021-report.pdf)

<sup>6</sup> [https://www.novartis.com/sites/novartis\\_com/files/novartis-integrated-report-2021.pdf](https://www.novartis.com/sites/novartis_com/files/novartis-integrated-report-2021.pdf)

- Should we cause or contribute to actual human rights violations through our business, we are committed to implementing effective remedial measures. Novartis enables its employees as well as third parties to point out grievances in our company via a whistleblowing process. These reports may also be made anonymously. The so-called Speak-Up Office, which is part of our Ethics, Risk & Compliance department, is responsible for processing these reports. Similarly, violations within our supply chain can be reported here.
- Novartis is committed to respecting human rights throughout the Group. Our CEO was the first CEO of a pharmaceutical company to sign the CEO Guide to Human Rights<sup>7</sup>. Further information on the implementation of the human rights strategy can be found here and in the Human Rights Commitment Statement<sup>8</sup> of our Human Rights Officer appointed for the Novartis Group.

The responsible body for establishing and monitoring human rights obligations set out here is the Ethics, Risk & Compliance (ERC) function.

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Heinrich Moisa  
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<sup>7</sup> [https://docs.wbcSD.org/2020/10/WBCSD\\_CEO\\_Guide\\_to\\_Human\\_Rights.pdf](https://docs.wbcSD.org/2020/10/WBCSD_CEO_Guide_to_Human_Rights.pdf)

<sup>8</sup> [https://www.novartis.com/sites/novartis\\_com/files/novartis-human-rights-commitment-statement.pdf](https://www.novartis.com/sites/novartis_com/files/novartis-human-rights-commitment-statement.pdf)