

Novartis Conflict of Interest Policy

1. Scope

This Policy applies to all directors, officers and employees (“Associates”) of Novartis AG and its affiliates (the “Group”).

2. Purpose

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. This Policy provides rules on how to avoid or handle such conflicts.

3. Key Principles

The Policy is based on Section 5 of the Novartis Code of Conduct:

“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.”

Associates must also be aware that according to various international conventions and national laws, the granting or acceptance of improper benefits can constitute a criminal offence.

4. Examples of Conflicts

The Annex to this Policy contains a list of common situations that could result in a conflict between the personal interest of an Associate and the interests of Novartis. The Annex sets forth in which situations the Associate has to

- refrain from a certain activity;
- disclose the activity to his/her supervisor; or
- seek the approval of his/her supervisor.

5. Disclosure and Approval

Disclosure of a conflict of interest shall be made to the Associate’s supervisor. Where approval is required, such approval shall be sought from the Associate’s supervisor.

Disclosures, approvals and rejections shall be documented in writing and a copy shall be kept by the Associate as well as by his/her supervisor.

Should the Associate feel that an approval has been denied unfairly, he/she may contact the relevant Compliance Officer.

Disclosure and, if applicable, approval is always required *prior* to engaging in the conduct in question. Any material changes to the disclosed/approved conflicts shall also be subject to renewed disclosure/approval.

New hires are requested to disclose all actual or potential conflicts of interest at or before commencement of employment.

6. External Mandates

To ensure that all potential conflicts of interest are recognized, all Associates shall disclose any mandates they may hold in a board of directors, in a scientific advisory board or in a similar supervisory body of an external organization to their local HR Manager.

Members of the Novartis Corporate Executive Group (CEG) are asked to disclose such mandates to the General Counsel of the Novartis Group and to accept new mandates only after clearance from the General Counsel.

7. Violations

Activities which violate or appear to violate this Policy shall be reported to the Business Practices Officer (BPO). For the applicable procedure see the Standard Operating Procedures on Reporting and Management of Misconduct and Fraud (http://www.novartis.intra/corporate_ethics/policies.shtml). Novartis will regard any violation of this policy as a serious breach of an Associate's obligations and will take strong disciplinary action including termination of employment.

8. Entry into Force and Implementation

This Policy enters into force on 1 January 2007.

It shall be implemented by all Novartis affiliates subject to mandatory local legal considerations.

This Policy replaces the following policies:

- Novartis Group Conflicts of Interest Policy, dated 15 December 2003;
- Novartis Group Worldwide Guidelines Scientific Advisory Board & Outside Board of Directors Mandates;
- HR Guideline Employment of Relatives, dated 6 October 2005

Line Management, assisted by the Compliance Officers, is responsible for the implementation of this Policy.

The owner of this Policy is Corporate Legal.

Annex to the Novartis Conflict of Interest Policy

Examples of Conflicts of Interest

There are a number of standard situations where conflicts of interest are likely to arise. However, being too specific risks restricting the application of this Policy to the examples specifically mentioned.

Please note that this list of potential conflicts of interest is not exhaustive. Even if a particular situation is not expressly mentioned in the Annex, Associates are advised to disclose all situations which may result in a conflict of interest and, where appropriate, seek approval.

1. Personal Interest/Outside Engagement

- An Associate may not take or hold a personal financial interest in a transaction in which it is known that Novartis is or may be interested.
- While working for Novartis, an Associate may not have a second job nor any type of business relationship with a supplier, customer or competitor of Novartis.
- The following situations must be disclosed *and* are subject to approval:
 - Associate acts as official of, or as advisor to, any governmental agency which has regulatory or supervisory power over Novartis.
 - Ownership of more than 5% held by an Associate in a supplier, customer or competitor of Novartis.
 - Membership of Associates on board of directors, scientific advisory board or similar body of an external organization.
- The following situations must be disclosed:
 - Associate serves as director, trustee, officer or consultant in a charitable, volunteer or civic organization which has a business relationship with Novartis.
 - Employment of, or (co-)ownership by, a Family Member of a supplier, customer or competitor of Novartis.
 - Family Member acts as official of, or as advisor to, any governmental agency which has regulatory or supervisory power over Novartis.
 - Any ownership of more than 5% held by a Family Member in a supplier, customer or competitor of Novartis.

2. Commissions, Fees, Gifts & Hospitality

- No Associate or Family Member may solicit or receive a fee, commission, or other favor from any actual or potential supplier, competitor or customer of Novartis.
- Other than customary gifts of token value (max. USD 100) given on religious or festive occasions, gifts from actual or potential suppliers, customers or competitors of Novartis should not be accepted by an Associate. If in doubt about the value the matter should be disclosed.
- Modest hospitality is an accepted courtesy in a business relationship. However, the recipient should never allow himself/herself to be in a position where his/her decision making might appear to have been influenced by accepting such hospitality. If in doubt the matter should be disclosed.
- The giving of gifts and hospitality by an Associate shall be in compliance with the General Guidance on Grants of the Group.

3. Speaking Engagements and Publications (outside of Novartis)

Any lecture, speaking engagement or publication by an Associate to an external audience outside of Novartis on any subject that relates to Novartis or the business of Novartis must be disclosed *and* is subject to approval.

4. Employment of Family Members

- The employment of a Family Member is not allowed in the following situations:
 - The Associate is involved in the hiring decision concerning the Family Member.
 - The Associate is in a supervisory, subordinate or control relationship with a Family Member.
- Where the employment of a Family Member creates any actual, perceived or potential conflict of interest the relationship must be disclosed. Novartis will make any reasonable effort to mitigate any such potential conflict of interest by transferring one or the other of the related Associates to another position.

5. No Use of Novartis Assets and Confidential Information for Personal Business

- The use of Novartis assets by an Associate for personal business is not allowed.
- The use of confidential information by an Associate for personal business and insider trading is strictly prohibited. For further clarification please refer to the Disclosure Policy and the Insider Policy of Novartis.

Definitions

The following definitions apply for the purpose of this Annex:

"Novartis"	Novartis AG and any of its affiliates
"Family Member"	Immediate family members of an Associate, i.e. the Associate's spouse, parents, children, siblings, mother-, father-, brothers- and sisters-in-law and anyone (other than domestic employee) who shares his/her home