

# Business principles

We strive for high performance with high integrity. In line with this commitment, we operate a company-wide integrity and compliance program.

## Responsible business practice

Business integrity and values are key drivers of success for Pharmaceuticals Corporation. Our values, Code of Conduct, business-conduct policies and standards guide our associates in their activities and performance. High standards of integrity are central to achieving responsible research, sourcing, production, distribution, marketing and sales activities.

## Ethical marketing practices

As a pharmaceutical company, we are responsible for providing accurate information and education to healthcare professionals and consumers.

As well as adhering to the principles of ethical business conduct outlined in our Code of Conduct, Social Responsibility (Corporate Citizenship) Policy and Guidelines, Novartis Pharmaceuticals Corporation associates are guided by the specific standards for marketing activities described in the Novartis Pharma Promotional Practices Policy (NP4). Similar policies are in place for the other Novartis divisions.

## Third-party management

We deal with a large network of suppliers and other third parties that contribute to our success. The way we purchase supplies and contract out operations influences our cost and pricing structures and affects our reputation as a responsible corporate citizen.

## Complaints handling

We support an open culture in which employees are required to report violations and are protected from retaliation or penalties. We believe this is key to deterring and preventing misconduct, and provides associates with the confidence that action is taken.

The Business Practices Office provides our company with a formalized system for dealing with complaints of actual or suspected cases of misconduct. It offers employees and external stakeholders a channel through which grievances and allegations can be submitted, without fear of reprisal or penalty. All complaints are investigated and substantiated cases are brought up to management so that appropriate action can be taken.

## Responsible R&D

Healthcare companies play dominant roles in conducting and funding research and development (R&D). The pharmaceutical industry invests more than USD 50 billion a year in R&D – the most important source of investment in health research. During 2007, Novartis increased R&D investments by more than 20% to USD 6.4 billion. This is one of the highest figures in the industry relative to sales (16.9%).

Novartis R&D efforts are driven by human health and well-being, contributing to overall prosperity and quality

of life. Working at the frontier of science and technology in the field of human health means our activities may involve ethical issues, including animal welfare, stem-cell research and access to medicines. Novartis recognizes the importance of informed debate about such issues and welcomes the opportunity to engage in constructive dialogue.

## **Risky business**

On average, only one in 10,000 originally synthesized compounds will clear all regulatory hurdles and become a commercially available drug. The R&D process for bringing a new drug to market can take eight to ten years to complete and cost up to USD 1.7 billion.

[For more information about the drug development process, please visit Phrma.org](#)

## **Responsible lobbying**

Novartis takes an active role in public-policy debates affecting our business. It is our responsibility to share our perspective, scientific knowledge and technical expertise with policymakers and regulatory authorities. It is also in our interest, as a good corporate citizen, to campaign for policies and regulations that favor ethical business conduct.

Trade associations aid in both of these goals while also raising standards across our industry and helping toward best-practice exchange.

We strive for constructive partnerships with governments and other stakeholders to increase access to medicines and health information while preserving incentives for research and innovation through competitive pricing.

In our lobbying and advocacy activities – as in all other areas of our business – we are governed by the Novartis Code of Conduct and we strive for integrity, openness, transparency and consistency in our business activities.

## **Perspectives on key issues**

Novartis believes transparency and partnership are key drivers toward finding long-term, sustainable solutions to global health challenges.

To this end, Novartis maintains relationships with key public health stakeholders including government officials, politicians, regulatory authorities, international organizations, nongovernmental organizations and patient groups. We engage in major policy debates, sharing the company's perspective on public health issues and striving for open and constructive interaction.

As part of our ongoing commitment to transparency, we state our position on various issues affecting our business. Please feel free to contact Public Affairs at [public.affairs@novartis.com](mailto:public.affairs@novartis.com)

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- [Animal experimentation](#)
- [Biodiversity/Bioprospecting](#)
- [Counterfeit medicines](#)
- [Disclosure of clinical research results](#)
- [Ethical promotion of pharmaceuticals](#)

- [Genetic testing \(Employment\)](#)
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