

# **Modern Slavery Statement 2023 - Australia, Canada, and United Kingdom**

This Statement is made in accordance with Australia's *Modern Slavery Act 2018 (Cth)* (Australian MSA), Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023 (the Act)*, and the United Kingdom's *Modern Slavery Act 2015* (UK MSA). It covers the reporting period January 1, 2023, to December 31, 2023.

This is a joint Statement made on behalf of the Novartis entities listed in Appendix I that report under the Australian, Canadian and UK legislation cited above. Unless expressly stated otherwise, references to 'we,' 'us' and 'our' refer to Novartis as a whole including the reporting entities listed in Appendix I and their owned and controlled entities. A table setting out how this Statement addresses the Australian, Canadian and UK legislation reporting criteria is in Appendix II.

We are committed to respecting human rights throughout our value chain in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. Our commitment includes all internationally recognized human rights, including those contained in the International Bill of Human Rights<sup>1</sup> and the International Labour Organization's (ILO) core labor rights conventions. We are also signatories to the United Nations Global Compact (UNGC) and report annually on our progress.

We publish our efforts to address modern slavery under Australian, Canadian and UK legislation, as well as report on child labor and conflict minerals in our supply chain under Swiss and US legislation, respectively. We also published our first human rights report under the Norwegian Transparency Act in 2023. All published reports are available on our [corporate website](#) and are referred to in our [Novartis in Society Integrated report 2023](#).

## 1. Business structure, operations, and supply chain

### Our structure and operations

Novartis is an 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 diseases. Our medicines reached 284 million patients in 2023.

Novartis headquarters are in Basel, Switzerland. In addition, we have more than 250 operating sites around the world, including more than 33 manufacturing sites worldwide and research and development (R&D) facilities in the US, Europe, and Asia.

Novartis organizational units represent parts of the company along the research, development, and commercial continuum. These are **Biomedical Research, Development, Operations** and the two commercial units — **US** and **International** — which focus on their respective geographic areas. These organizational units are supported by our global functions in areas such as corporate affairs; ethics, risk and compliance; finance; legal; internal audit; people and organization; and strategy and growth.

In Australia, Canada, and the UK we procure a range of goods and services through our supply chains to support our business activities which are governed by the same global policies and procedures outlined in this Statement.

As of December 31, 2023, Novartis had a global headcount of 78 407 employees. As of the same date, our Australian reporting entities had a combined headcount of 337 employees and 75 contractors, our Canadian reporting entities had a combined headcount of 619 employees and 200 contractors<sup>2</sup>, and our UK reporting entities had a combined headcount of 1 007 employees and 486 contractors.

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<sup>1</sup> Consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.

<sup>2</sup> Excluding employees from Chinook Therapeutics Inc., which was acquired in August 2023.

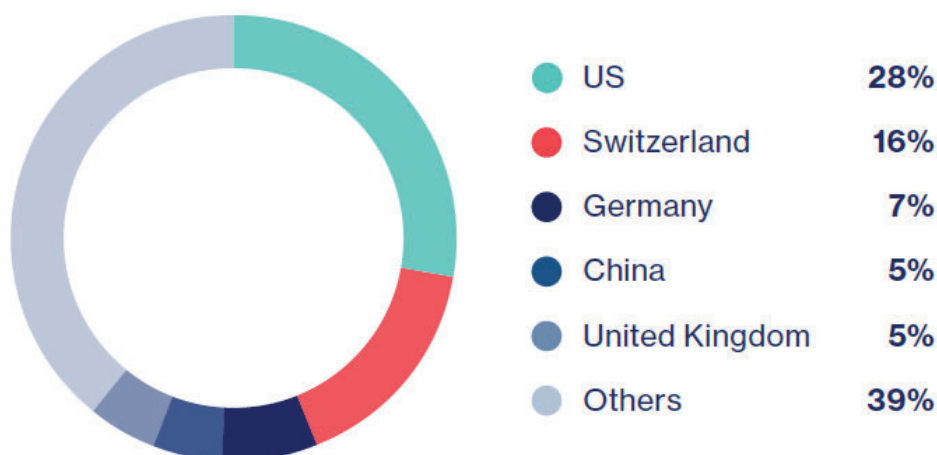
For more information on our business structure, workforce, and operations see page 10 of the [Novartis in Society Integrated Report 2023](#).

### Our supply chain

Novartis works with thousands of business partners — from suppliers to our R&D organization to wholesalers and distributors who help ensure our medicines reach patients. To reduce supply risk, we maintain multiple sources for key inputs and raw materials. Our partners are required to comply with applicable laws and regulations, as well as Novartis standards, including those for quality, ethics, environmental sustainability, and human rights. For more information, see page 56 of the [Novartis in Society Integrated Report 2023](#).

### Novartis global supply chain<sup>1</sup>

(% of total supply chain spend by supplier country, 2023)



<sup>1</sup> Data includes Sandoz for January to September 2023<sup>3</sup>

## 2. Identifying modern slavery risks

Using the UNGPs scope, scale and remediability principles we conducted an internal cross-functional risk saliency exercise in 2023 which underscored the following focus areas as having the most severe actual or potential negative human rights (including modern slavery) impacts.

- Right to health
- Labor rights
- Human rights and the environment
- Human rights and technology

Our [Human Rights Commitment Statement](#), is endorsed by the executive-level Environmental, Social and Governance (ESG) Committee, chaired by our Chief Executive Officer. It explains the four human rights focus areas we have identified and outlines our methodology for embedding human rights throughout our business.

<sup>3</sup> Sandoz our Generics and Biosimilars division was spun off in October 2023.

## Novartis operations

Based on our risk assessments and ongoing due diligence of Novartis operations globally, we believe there is a low risk of modern slavery in our own operations. Our conclusion is based on assessments of relevant business units and specific markets that were classified as high risk in our human rights country risk assessment tool, which comprises 14 publicly available human rights indices.

In 2023, key activities included refreshing our human rights strategy, conducting cross-functional training on human rights risk, and further embedding human rights considerations into our operations in high-risk countries. We also continued working with our Global Health teams to include human rights considerations in strategies to broaden access to medicines.

## Our supply chain

Our approach to labor rights risk identification and management in our supply chain, including modern slavery risks, is conducted through our External Partner Risk Management (EPRM) framework, formerly known as Third Party Risk Management.

The EPRM framework assigns all external partners a high, medium, or low labor rights risk through an automated tool that is based on country labor rights risks and procurement category risks. We conduct a negative media screening for human rights and modern slavery risks for low-risk external partners. Medium and high-risk external partners are required to complete a labor rights-focused Third Party Risk Questionnaire (TPQ) and may be required to complete Corrective and Preventive Action Plans (CAPAs) should serious risks be identified during the audit process. Enforcement actions, including termination, may be applied to external partners that are unable to meet the requirement set out in a plan.

By considering country risk and procurement category risks, we identify specific areas that could potentially present the highest risk of modern slavery in our supply chain. For more information see page 4 of our [UK and Australia Joint Modern Slavery Statement 2021](#) ([novartis.com](#)).

## 3. Addressing modern slavery risks – policies and due diligence processes

We are committed to addressing modern slavery risks in our own operations and in our supply chain. We have clear and well-defined global policies, guidelines, and standards in place, co-sponsored by the Chief Ethics, Risk and Compliance (ERC) Officer and Chief Legal Officer. These are regularly updated to ensure alignment with our human rights commitments, including modern slavery, and are binding on all Novartis employees globally. For more information on our policies and governance framework see our [Novartis in Society Integrated Report 2023](#).

To further expand capability and oversight into labor rights at our third parties, and to remain focused on the highest-risk suppliers and high-impact solutions, we integrated our Third Party Labor Rights team into our global Human Rights team in 2023.

### Addressing external partner risks

#### *Third party code*

Our updated [Third Party Code](#) (TPC), which was launched in 2023, clarifies our human rights due diligence and environmental sustainability expectations from external partners, including a clear expectation that external partners adopt the same principles with their own suppliers. The TPC is incorporated into our standard contract terms with external partners, regardless of whether the external partner is low, medium, or high risk. These contractual terms give us the right to conduct an audit to monitor compliance with the TPC as well as the right to immediately terminate an agreement for noncompliance with the TPC (whether identified in an audit or otherwise).

In Australia, Canada and the UK, procurement contracts require external partners to comply with all applicable laws. In addition, our UK external partner contracts specifically require compliance with the Labour Standards Assurance System.<sup>4</sup>

### ***External partner risk screening & findings***

In 2023, we assessed 7 756 suppliers as part of our external partner risk management process, of which 4 362 were screened for labor rights risks, including modern slavery. Of these, 614 were classified as medium and high risk based on country and procurement category risks. All 614 external partners underwent a labor rights-focused Third Party Questionnaire (TPQ) assessment. At some of the suppliers, potential exploitative labor practices related to excessive working hours, overtime, lack of labor policies and lack of grievance procedures were identified, resulting in 136 follow-up activities (i.e., risk mitigation actions and audits). None of these external partners were from Novartis Australia, Canada, or the UK. Mitigation actions, including CAPAs, have been put in place and are being monitored by the global Human Rights team.

In 2023, we initiated a pilot program involving direct engagement with external party workers through a digital “workers voice” platform. This approach enables us to gain insights into labor rights, including modern slavery issues, at external partner sites by directly hearing from supply chain workers. The responses received through this platform are currently undergoing assessment by the global Human Rights team.

### ***Child labor due diligence***

Our Human Rights Commitment Statement specifically commits us to respect international labor rights, including child labor: “Consistent with ILO Conventions 138 and 182, we strictly prohibit child labor in our own operations and require third parties to apply the same approach in line with our expectations set out in the Novartis Third Party Code.”<sup>5</sup>

Our TPC requires our direct suppliers to prohibit child labor in their businesses and requires Novartis to investigate when we have reasonable grounds to suspect that child labor may be occurring. Should indications of child labor be alleged or found at a third party site, the TPC states that the third party “shall put in place a suitable plan to support the child, which may involve removing the child from the workplace while continuing to pay salary and the cost of formal or vocational training, accommodation or other costs as necessary, to the child until adulthood.”<sup>6</sup> Any remedial actions should be consistent with ILO standards and the latest best practice guidance.

For more information see our [Novartis 2023 report on child labor due diligence in our supply chain](#).

### ***High risk mitigation projects***

We have identified two areas of our supply chain with heightened risk for forced labor: recruitment practices involving foreign migrant workers, and raw materials sourcing. We have carried out a risk analysis and taken steps to mitigate the risks in each of these areas, as described below.

First, foreign migrant workers are vulnerable to potential exploitation through the payment of excessive recruitment fees, leading to situations of forced labor and in worse cases debt bondage. In 2022, we

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<sup>4</sup> The Labour Standards Assurance System provides a mandate for labor standards in the medical supply industry. It aims to ensure that organizations produce goods and services using fair labor practices.

<sup>5</sup> Novartis Human Rights Commitment Statement, “Labor Rights” section, p. 7, available at [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>6</sup> Novartis Third Party Code, Section 2.2 “There shall be no Child Labor,” p. 5, available at [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)

undertook a global risk mapping of our foreign migrant worker footprint and have identified a relatively low foreign migrant worker population in specific high-risk countries primarily in Asia and the Americas.

However, in 2023 we worked with 25 external partners employing foreign migrant workers to evaluate their recruitment and employment practices. Our focus included examining potential recruitment-fee deductions, their oversight on recruitment agency usage, language-appropriate employment contracts, and consistent access to identity documents for workers. Most foreign workers staffed directly by our external partners held specialist or managerial roles, minimizing their susceptibility to exploitation. In Singapore, we identified five external partners with workers in potentially vulnerable situations and are continuing our engagement with them to ensure compliance with our responsible recruitment standards.

Second, we source raw materials as part of our manufacturing process which has heightened risk of forced and child labor. In 2023, we established a standalone risk area within our EPRM framework, "Raw Material Certification," to directly manage our raw material suppliers. In this new risk area, external suppliers of high-risk raw materials are required to complete a targeted TPQ focused specifically on explaining raw material risks in their supply chain, traceability efforts and details about their raw material sources, and on providing any external human rights third-party certifications they may have obtained. We recognize that a certification program will not mitigate all risk in these complex supply chains, but it does represent a first step toward mitigation given limitations on leverage and visibility beyond our direct (Tier 1) suppliers, a challenge which we are working to analyze and improve. The program will formally be launched in early 2024 and we plan to use the new TPQ responses to further guide our analysis, allowing us to focus on prioritized raw materials such as aluminum, palm oil, soy, sugar, and magnesium.

### **Training and capability building**

We seek to empower our employees through formal and informal training and capability-building on human rights, including modern slavery risks.

All employees are required to complete an annual training on our [Code of Ethics](#), which includes our ethical commitment to human rights. In 2023, 97% of our employees globally completed the training.

95% of our employees globally completed the mandatory EPRM e-training launched in November 2022, on the importance, scope and responsibilities associated with the management of external partner risks.

We have an active Human Rights Ambassador Network globally that meets every quarter to discuss existing and emerging human rights risks, including modern slavery. In 2023, 53 employees joined the network bringing the total to 190 employees globally. The Australian, Canadian and UK heads for ERC are ambassadors in this global network and participate in these discussions.

We held three targeted human rights training webinars for relevant functions across the organization, extending our reach beyond ERC, to include Legal, Operations and Global Health & Sustainability functions. These were attended by approximately 1 000 employees. Additionally, we conducted live trainings on human rights with newly hired employees at our global headquarters in Basel, Switzerland, including a modern slavery related case study for analysis.

### **Grievance mechanism and remediation**

The Novartis SpeakUp Office is our confidential grievance mechanism for employees, external partners and their employees to report misconduct, including misconduct related to human rights and modern slavery risks. The web-based and telephone channels are operated by an independent third party available 24 hours a day, seven days a week. In 2023, our SpeakUp Office received a total of 2 628 complaints of alleged misconduct, none of which involved allegations related to modern slavery.

In 2023, we updated our SpeakUp policy and launched a new reporting tool. The new SpeakUp reporting tool enables both employees and external parties to raise complaints more easily. It will also make case management and reporting more efficient and increase oversight of human rights grievances.

We further integrated human rights into our SpeakUp grievance mechanism by introducing three new complaints categories to facilitate the reporting of concerns related to human rights, including modern slavery. As these were integrated toward the end of 2023, we will start reporting on these categories as of FY2024. These categories are:

1. Human and labor rights
2. Environmental impacts
3. Health and safety

We collaborated with an external human rights expert to train our internal SpeakUp teams on human rights issues, ensuring accurate categorization and addressing concerns appropriately. We created guidance explaining how the grievance mechanism operates, including our standalone [Non-Retaliatio](#)n Policy, which is available on our corporate website.

#### **4. Assessing the effectiveness of our actions**

Assessing the effectiveness of our approach to preventing modern slavery helps us understand and continually improve how we identify, prevent, and mitigate relevant risks. It also helps us assess the effectiveness of our grievance and remediation processes if we identify that we have caused or contributed to modern slavery-related impacts.

Key measures we use to assess our approach include:

- The number of suppliers screened on labor rights and modern slavery issues
- The number of CAPAs implemented and resolved related to labor rights and modern slavery issues
- The type of high risk mitigation projects initiated
- The number of employees who have completed relevant training and capability building on human rights and modern slavery
- The robustness of our SpeakUp grievance mechanism

In 2023, we started disclosing the outcome of risk assessments for labor rights and identified 136 instances of noncompliance with our human and labor rights standards, for which our external partners put in place CAPAs. A given supplier may have multiple noncompliance cases. At the end of 2023, 65% of agreed CAPAs had been remediated. The remainder were being monitored in line with their future due dates. The supplier numbers in the table below represent all risk areas.

<b>Supply chain performance indicators</b>	<b>2023</b>	2022	2021
Suppliers risk assessed <sup>1</sup>	<b>7 756</b>	10 346	11 248
<b>Actions taken</b>			
Suppliers audited	<b>56</b>	80	79
Suppliers with remediation action agreed	<b>190</b>	359	853
Supplier engagements stopped due to risk assessment outcomes	<b>8</b>	17	37
<b>Human and labor rights</b>			
Non compliance cases	<b>136</b>	n/r	n/r
Corrective and preventive actions remediated (%)	<b>65</b>	n/r	n/r

n/r: previous years comparative data not presented

<sup>1</sup> Assessments are undertaken on new suppliers, existing suppliers providing new products or services (including those from additional supplier locations), or periodically. Not all suppliers trigger risk assessments and one supplier can trigger more than one assessment depending on the risk areas involved

## 5. Engagement and collaboration

Novartis is engaged in several collaborative activities in the healthcare sector and across industries. In 2023, we engaged with stakeholders from civil society, investor communities and international institutions (e.g., PSCI and Business for Social Responsibility’s Human Rights Working Group) on our approach to human rights.

In 2023, we contributed to the 12th United Nations Forum on Business and Human Rights in Geneva, participating in a panel discussion on implementing the UNGPs across the Global South. We maintain a 100% response rate to inquiries received from the Business and Human Rights Resource Centre.

## 6. Australia-specific actions

In 2023, there were no notifications of modern slavery incidents in our local supply chains and operations. Such notifications are required under the modern slavery provisions of our standard purchase terms for goods and services.

### ***Risk analysis and supplier engagement***

Over the last three years we have identified potential modern slavery risks in local procurement categories such as facilities management (including cleaning), catering, warehousing, transport, and the printing and distribution of marketing materials. Targeted risk questionnaires were sent to the top six suppliers in these sectors. A desktop review of supplier responses deemed the information acceptable. However, these industry sectors remain an ongoing focus, and we are actively exploring additional steps to enhance visibility as our modern slavery compliance system and awareness matures.

We also embedded our local supplier council into the local ERC committee, sponsored by our Country Head and member of the board of directors of our local reporting entities.

In 2023, our local ERC committee endorsed the following actions that were completed during the reporting period:

- Conducted a dedicated modern slavery awareness training session for local board members and the ERC committee, enhancing awareness for detecting and addressing modern slavery risks in our local supply chain and operations.
- Elevated visibility of our SpeakUp grievance mechanism for reporting misconduct related to Novartis operations, including highlighting misconduct relating to labor rights through internal communications.



- Strategically placed notices in key locations at our local head office that are frequented by cleaning, catering, and IT suppliers, setting out details of the SpeakUp grievance mechanism, including reporting procedures.
- Initiated preparations for a supplier consultation, scheduled for consideration and endorsement by the ERC committee in 2024.

## 7. Consultation with Australian reporting entities and their owned and controlled entities

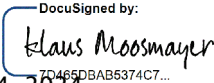
In Australia, we consulted members of the local Novartis executive committee and the key functions supporting the two reporting entities, including Procurement, Supply Chain, ERC and Legal. This involved knowledge sharing on human rights, including modern slavery compliance activities, between employees from the Australian reporting entities and members of the global Human Rights Team. In addition, consultation was undertaken in relation to preparing this statement.

For more information related to our approach to addressing modern slavery, please contact the global Human Rights team at [human.rights@novartis.com](mailto:human.rights@novartis.com)

### Novartis International


**Name: Klaus Moosmayer**

**Title: Chief Ethics, Risk and Compliance Officer**

**Signature:**   
**Date:** 10.04.2024

**Name: Peter Nestor**

**Title: Global Head of Human Rights**

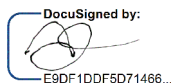
**Signature:**   
**Date:** 18.05.2024

### Australia

This Statement was approved by the board of Novartis Australia Pty Limited on behalf of the Australian MSA reporting entities listed in Appendix I.

**Name: Matt Zeller**

**Title: Director**

**Signature:**   
**Date:** 19.03.2024

**Canada**

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Novartis Pharmaceuticals Canada Inc.

Name: **Mark Vineis**

Title: **Country President**

Signature: 

Date: 24.03.2024

**United Kingdom**

This Statement was approved by the board of Novartis Pharmaceuticals UK Limited on behalf of the UK MSA reporting entities listed in Appendix 1

Name: **Marie-Andree Gamache**

Title: **President and Managing Director**

Signature: 

Date: 18.03.2024

**Appendix I – Reporting Entities**

This Statement is made on behalf of the following Novartis Australian, Canadian and UK legal reporting entities.

Novartis Australia Pty Limited
Novartis Pharmaceuticals Australia Pty Limited
Advanced Accelerator Applications Canada Inc. (AdAcAp)
Chinook Therapeutics, Inc.
Novartis UK Limited
Novartis UK Pension
Novartis Pharmaceuticals UK Limited
Novartis Grimsby Limited
Novartis Europharm Limited
Ziarco Group Limited
Ziarco Pharma Limited
Oriel Therapeutics Ltd

Advanced Accelerator Applications (UK and Ireland) Limited
Neutec Pharma Ltd
Gyroscope Therapeutics Holdings PLC
Gyroscope Holdings (UK)
Gyroscope Therapeutics Limited
The Medicines Company UK Limited

**Appendix II – How our Statement Addresses the Australian, Canadian and UK MSA Reporting Criteria**

<b>Australian MSA mandatory reporting criteria</b>	<b>Canadian MSA mandatory reporting criteria</b>	<b>UK MSA recommended reporting criteria</b>	<b>Reference in this Statement</b>
Identify the reporting entity.	N/A	N/A	Appendix 1
Describe the reporting entity's structure, operations, and supply chains.	Describe the organization's structures, activities, and supply chains.	Organization's structure, its business, and its supply chains.	Section 1
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Describe the parts of the organization's business and supply chains where there may be a risk of forced or child labour being used, and the steps taken to assess and manage that risk.	Parts of the organization's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk.	Sections 2 and 7
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.	Describe the organization's policies in relation to forced labour and child labour, its due diligence processes in relation to forced labour and child labour, measures taken to remediate any	Organization's policies in relation to slavery and human trafficking; its due diligence processes in relation to slavery and human trafficking in its business and supply chains; the training about slavery and human trafficking available to its staff.	Sections 2, 3 and 7

	forced labour and child labour, training provided to the organization's personnel on human rights including forced labour and child labour.		
Describe how the reporting entity assesses the effectiveness of such actions.	Describe how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.	Organization's effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.	Section 4
N/A	Describe any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains	N/A	Section 3
Describe the process of consultation with (i) any entities the reporting entity owns or controls; and (ii) for a reporting entity covered by a joint statement, the entity giving the statement.	N/A	N/A	Section 7
Include any other information that the reporting	N/A	N/A	Section 5

entity, or the entity giving the statement, considers relevant.			
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