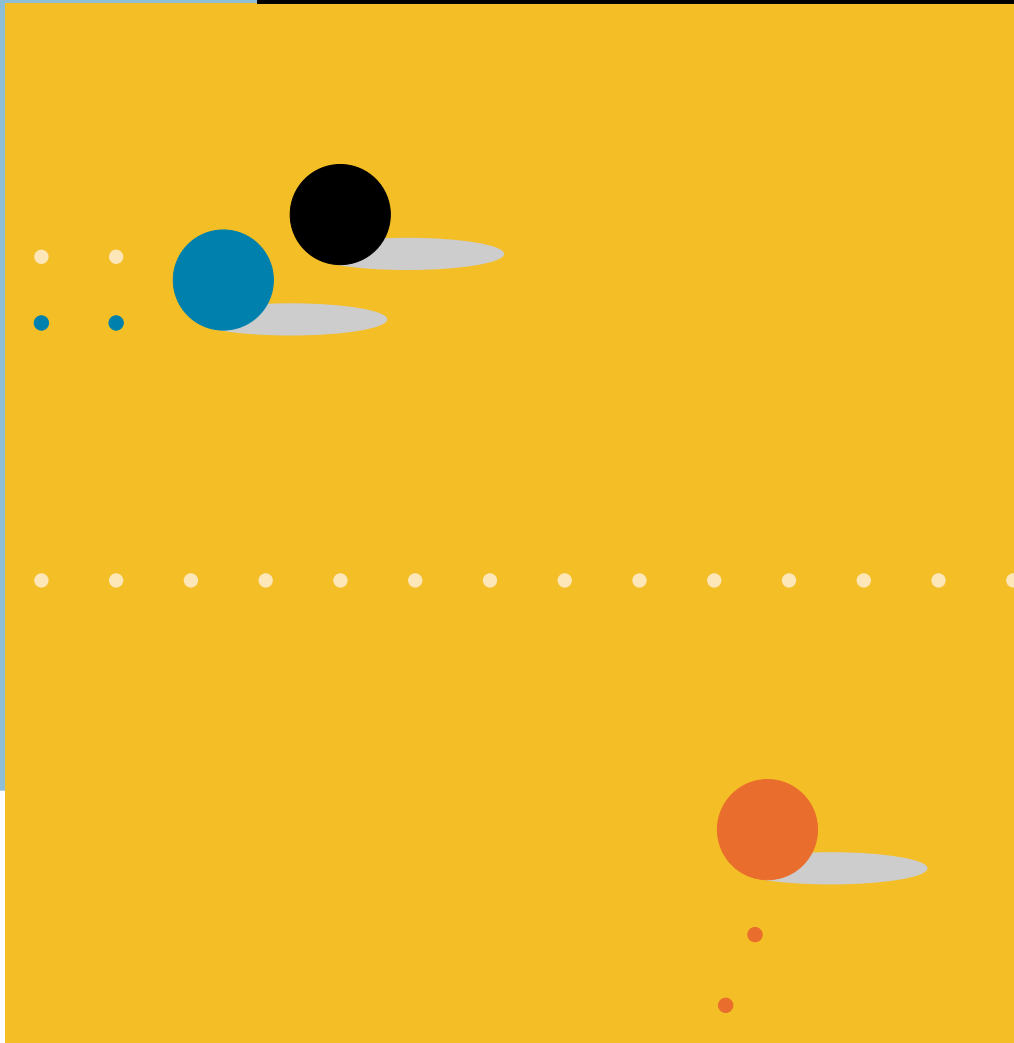


Novartis Code of Conduct



**Issued by Novartis
International AG**

Approved by the Novartis
Board of Directors
on August 26, 1999

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Novartis' mission is to bring value to patients and customers through its innovative, high-quality products which improve, sustain or restore health. Novartis strives to be the leader in Healthcare. In order to achieve this, the highest possible level of professionalism is needed in all of our endeavors. This Code of Conduct is an expression of the professionalism we strive for throughout our businesses, and of the professionalism we expect of our associates.

As an ethically, socially and ecologically responsible organization, Novartis places a premium on dealing fairly with employees, commercial partners, government authorities and the public. Success in its business ventures depends upon maintaining the trust of these essential stakeholders. This Code of Conduct is fundamental to the task of creating and maintaining such trust.

Novartis considers this Code of Conduct to be essential in its relations with its employees. It shall form an integral part of the terms of employment of the companies of the Novartis Group. Novartis will insist on full compliance.



Dr. Daniel Vasella
Chairman and
Chief Executive Officer

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Why a Code of Conduct?

Novartis has adopted this Code of Conduct in order to describe the standards its employees must meet.

The standards are based on:

- Support of and respect for the protection of internationally proclaimed human rights
- Ethical and legal behavior
- Loyalty to Novartis
- Fair, courteous and respectful treatment of fellow employees
- Fair and appropriate consideration of the interests of other stakeholders (customers, other commercial partners, government authorities and the public) and of the environment
- Professionalism and good business practice
- Our commitment to the Global Compact

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Areas of Concern

This Code addresses the following areas:

- Personal obligations
- Discrimination
- Conflict of interest
- Bribes, kickbacks, business entertainment, gifts
- Insider trading
- Antitrust
- Compliance with the law
- Use and protection of business assets and information

This Code of Conduct shall apply to all operations of Novartis and supplements the present or future policies, guidelines and rules adopted by Novartis, its Sectors and Group Companies. The spirit of this Code of Conduct governs the interpretation of any other policies, guidelines or rules adopted by Novartis. This Code of Conduct also clarifies the Group's position in key areas.

We strive to ensure that our business partners understand our standards and, wherever possible, act accordingly in all areas of concern.

All employees are expected to follow the law and adhere to high ethical standards.

They should demonstrate social and environmental responsibility, professionalism, and use good business practices in performing their jobs.

Candor, trust and integrity are fundamental Novartis values which must be respected. Employees should also be familiar with good business practices relevant to their jobs and should implement them conscientiously.

Employees shall use good judgment and common sense in all situations when the requirements of the law or of good business practices appear unclear. Employees should seek advice and direction from their supervisors in such situations.

Many of these requirements have already been explicitly or implicitly established or will be established in the policies and directives of the Group, its Sectors and Companies. Furthermore, many of these responsibilities are imposed by society and authorities and are particularly important in areas where Novartis is active. This Code places them in a general context.

Each employee is entitled to fair, courteous and respectful treatment by his or her supervisors, subordinates and peers.

Novartis will not tolerate discrimination or harassment based on race, religion, creed, national origin, sex, disability, age or any other relevant category.

All employees shall conduct themselves in accordance with the letter and the spirit of these principles.

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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. Nevertheless, a conflict of interest, or the appearance thereof, may occasionally arise. Should such a situation occur, communication between employer and employee is of utmost importance, and the parties concerned shall attempt to resolve the matter in good faith.

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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.

Legislation translating this Convention into national law has to be strictly observed.

Business entertainment and business gifts to government officials, if permitted, must be in compliance with Novartis' general business expense policy and with the rules and regulations of the government agency or legislative body concerned.

Third parties must not be used to circumvent any of the policies mentioned above.

Employees having inside information about Novartis or any other company with which Novartis is considering, for itself or for one of its affiliated companies, a strategic alliance or an acquisition, disinvestment or merger, may not sell, purchase or otherwise trade in stock, derivatives or other securities of Novartis or that other company, or disclose such information to another person.

Inside information is defined as information which an investor would consider important in deciding whether to buy or sell stock or securities. It includes, for example, confidential information about plans to acquire another company, strategic alliances, financial results, product discoveries or changes in capital structure or important agreements, e.g. with a start-up company. Public information or public data is not inside information.

Employees must refrain from disclosing inside information to anyone, including friends and family.

The restrictions with respect to inside information remain in effect until the plans, events or transactions concerned are made public and information about the event has been sufficiently disseminated in public to enable investors to evaluate it.

Insider trading may lead to civil and criminal penalties.

8.1 Compliance

Novartis and its employees shall respect the principles and rules of fair competition and shall not violate applicable antitrust laws.

Antitrust laws apply to all business arrangements, irrespective of their form, as well as to business conduct in general. However, they do not normally apply to business transactions between companies of the same group, e.g., within Novartis.

As a rule, antitrust laws not only cover commercial behavior in a particular country, but also apply to any commercial behavior even outside this country if it has a significant impact on competition.

8.2 Agreements to be verified

Because of the complexity of antitrust legislation, all agreements with competitors or with other third parties which may have a negative effect on competition must be verified by legal counsel.

Clauses which may have a negative effect on competition include:

- Exclusivity clauses
- Pricing clauses
- Tie-in clauses
- Territorial restrictions
- Price discrimination

8.3 Prohibited Agreements and Arrangements

All agreements between competitors aimed at coordinating market behavior are prohibited. This includes:

- Price-fixing agreements
- Sales agreements restricting the type of products that may be offered or tying the purchase of products to other purchases
- Agreements on the allocation of territory, classes of customers, or production quotas
- Agreements to apply a boycott, i.e., a refusal to supply or to accept delivery.

8.4 Dominant Market Position

Abuse of a dominant market position in the market of a specific product is illegal. The term “abuse” refers to situations in which dominant market power is exercised to the detriment of suppliers or customers. Marketing strategies and practices in markets in which Novartis is a strong player need particular attention by legal counsel.

8.5 Acquisitions

Antitrust laws normally prohibit acquisitions which would bring about a dominant market position and could injure competition. Moreover, notification to government authorities is required in most jurisdictions before certain acquisitions can be made. Legal counsel should be involved in acquisition projects at an early stage.

8.6 Intellectual Property Rights

Contracts relating to the use of intellectual property rights (patents, plant-variety rights, trademarks, designs, copyright, know-how and trade secrets) are often subject to special rules and may therefore be critical in terms of antitrust. They need particular attention by legal counsel.

Compliance with the law is an absolute requirement for Novartis and its employees.

Each employee is expected to be familiar with the law as it applies to his or her job; management is expected to provide necessary instruction and advice.

For example, Novartis is strongly committed to non-discriminatory and fair labour standards, to protecting the environment and to ensuring the health and safety of its employees. Novartis expects its employees to comply with all laws designed to protect health, safety and the environment, to obtain all required permits and to operate its facilities in strict accordance with the relevant laws.

Due to the complicated regulatory framework within which Novartis conducts its business, issues pertaining to compliance with the law may arise. On occasion, there may be disagreement as to whether or not Novartis is in full compliance with the law. Litigation may occur. At all times, Novartis will act responsibly and abide by the final decisions rendered by the courts.

Issues of compliance with requirements of governmental agencies may also arise. It is important for Novartis management to be informed of any such issues at an early date. Each employee has the responsibility to inform Novartis management immediately if he or she believes that such an issue may exist.

10 Use and Protection of Business Assets and Information

Good business practice dictates the careful use and protection of Novartis business assets.

In particular, information and trade secrets should be protected by keeping them confidential and, if appropriate, by seeking additional protection through acquisition of intellectual property rights. Novartis employees who receive or learn of confidential business information or trade secrets of Novartis or others may not, for non-business purposes, disclose that information to third parties (including friends and family members) or make any other non-business use of such information. Moreover, they should take reasonable measures to otherwise safeguard and protect information and trade secrets.

Handling and dissemination of information is a management task and all employees shall respect the need of Novartis for professional information management. They shall keep relevant information confidential even if there is no formal secrecy obligation.

Novartis conducts cutting-edge research in science and technology, and is heavily involved in the exchange of information with universities, public and private research institutes, hospitals, as well as with competing organizations and companies. Novartis respects the academic freedom and tradition of its partners, and the need of its scientists to publish results. However, Novartis' employees and partners have to respect Novartis' interests by permitting Novartis to apply for intellectual property rights wherever and whenever appropriate. They also have to respect the confidentiality of information or materials given to Novartis or to third parties.

Each employee shall receive a copy of this Code of Conduct. It is the duty of management to include the Code of Conduct in employee training programs. Management shall monitor compliance with the Code and, if need be, implement special monitoring programs.

Non-compliance with the Code of Conduct by employees may result in disciplinary action, including dismissals.

Novartis shall appoint a Group Compliance Officer. Sectors and Group Companies will consult with the Group Compliance Officer regarding the need to appoint compliance officers of their own.

Employees are expected to report violations of the Code of Conduct to their supervisors or to the Compliance Officer, as may be appropriate. There will be no retaliation or penalty for such reporting. This however does not result in immunity for violations.

This Code of Conduct is to be implemented by all Novartis companies with the exception of the US subsidiaries which shall have their own Code of Conduct adapted to US legislation. The Board of Directors of the Novartis subsidiaries concerned shall pass the proper resolutions for this purpose.

Address of the Editor:

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This document is also available in French, German and Spanish.
You will also find all versions on the Intranet on page:
www.internationalcoordination.novartis.intra/

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