Novartis India Limited

CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT

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CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT

Novartis India Limited

1. Introduction & Preamble

This Code of Conduct ("**Code**") is framed in accordance with Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), which mandates that the Board of Directors of every listed entity shall lay down a code of conduct for all members of the Board of Directors and Senior Management of the listed entity. The Code shall suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.

The Board of Directors of Novartis India Limited (the "**Company**") has adopted this Code to ensure that the Company's business is conducted with the highest standards of integrity, ethics, fairness, transparency, and accountability — values that are essential to a responsible pharmaceutical enterprise serving patients and other stakeholders.

In terms of Regulation 26(3) of the Listing Regulations, all members of the Board of Directors and Senior Management Personnel shall affirm compliance with this Code on an annual basis.

2. Objective of the Code

The objectives of this Code are to:

- Conduct the business of the Company with integrity, fairness, transparency, and accountability.
- Align the conduct of Directors and Senior Management with the Company's Vision, Mission and Core Values.
- Meet the expectations of statutory and regulatory authorities.
- Foster a culture of honesty, ethical behavior, and zero-tolerance towards corruption.

- Progressively enhance the scope of this Code to align conduct with the expectations of shareholders, patients, employees, regulators, and society at large.

3. Definitions & Interpretations

In this Code, unless the context otherwise requires:

"**Act**" means the Companies Act, 2013 read with rules made thereunder, as amended from time to time.

"**Board**" means the Board of Directors of the Company.

"**Board Members**" / "**Directors**" means the Directors on the Board of the Company, including Executive, Non-Executive, and Independent Directors.

"**Company**" means Novartis India Limited.

"**Independent Director**" shall have the meaning assigned in Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations.

"**Key Managerial Personnel (KMP)**" shall have the meaning assigned in Section 2(51) of the Act.

"**Listing Regulations**" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

"**Relative**" shall have the meaning assigned in Section 2(77) of the Act.

"**Senior Management**" means the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, including all members of management one level below the Chief Executive Officer/Managing Director/Whole-Time Director/Manager (including the CEO/Manager, in case they are not part of the Board) of the Company, and shall specifically include the functional heads, by whatever name called and the persons identified and designed as key managerial personnel (other than the Board) by the Company.

Words and expressions used and not defined herein shall have the meanings assigned to them in the Companies Act, 2013, the Listing Regulations, and the SEBI Act, 1992.

4. Scope and Applicability

This Code shall apply to:

1. All Whole-time Directors, including the Chairman & Managing Director;
2. All Non-Executive Directors and Independent Directors;
3. All Senior Management Personnel including KMPs.

This Code shall come into effect from the date of approval by the Board and shall replace any earlier Code in force. Subsidiaries of the Company shall be encouraged to adopt a similar code aligned with this Code.

5. Guiding Principles

Directors and Senior Management of the Company shall:

1. Act diligently, transparently, honestly and in good faith, upholding the highest ethical standards.
2. Provide leadership in advancing the Company's vision, values and guiding principles.
3. Discharge their duties in the best interest of the Company, its shareholders, patients, and other stakeholders.
4. Become and remain familiar with the Company's pharmaceutical business, regulatory environment, market position, and operational performance.
5. Commit sufficient time to attend and meaningfully participate in Board, Committee, and General Meetings.
6. Maintain the confidentiality of all material non-public information.
7. Adhere scrupulously to all applicable laws, including drug regulations, environmental laws, anti-corruption laws, and the Company’s policies.

6. Fiduciary Relationship

Directors stand in a fiduciary relationship to the Company. They act in the dual capacity of trustees and agents — trustees of the Company's funds and properties, and agents in transactions on behalf of the Company. This relationship demands utmost care, skill, diligence, and complete disclosure, and prohibits making any secret profits or entering into any contract for personal gain.

7. Honest and Ethical Conduct

Performance of Duties

1. The Directors and Senior Management shall act in accordance with the articles of association of the Company.
2. The Directors and Senior Management shall exercise their duties with due and reasonable care, skill and diligence and shall exercise independent judgment as required under law, including the Companies Act, 2013.
3. The Directors and Senior Management shall not be involved in a situation in which they may have a direct or indirect personal interests that conflicts, or possibly may conflict, with the interest of the Company.
4. The Directors and the Senior Management shall not achieve or attempt to achieve any undue gain or advantage either for themselves or for their relatives, partners, or associates and if any Director or Senior Management is found guilty of making any undue gain, they shall be liable to pay an amount equal to that gain to the Company.
5. The Directors and the Senior Management shall not assign their office and any assignment so made shall be void.
6. The Directors shall review reports / compliance statements / information about the affairs of the Company after the end of every calendar quarter and at such intervals as the Board may deem fit. The Directors may add or modify the reports as they may feel appropriate to ensure statutory compliance and smooth and transparent operations of the Company.

Compliance with Law

Directors and Senior Management shall exhibit total submission to the limits of law in all business decisions, including strict adherence to and monitoring of legal compliances, with special emphasis on drug safety, pharmacovigilance, and patient welfare — given the nature of the Company's pharmaceutical operations.

Fair and Transparent Conduct

1. The Directors and Senior Management shall act in accordance with the highest standards of personal and professional integrity, independence, honesty and ethical conduct, and shall use sound judgement in good faith in business decision-making. Business shall be conducted by lawful, ethical and fair means. There shall be no room for discrimination, harassment, retaliation, bribery, or any form of corruption.
2. The Directors and Senior Management should always act honestly and ethically, including the use of care and sound judgment in decision making.
3. The Directors and Senior Management shall assist in promoting a culture of honesty, ethical practice and integrity.
4. The Directors shall recognize their responsibility to act fairly towards clients, employees and general community and support principles of health and safety, environmental best practice and equality.

Respect for Individual

Directors and Senior Management shall:

(a) Respect human rights and dignity;
(b) Treat individuals based on ability, irrespective of nationality, race, caste, creed, religion or gender;
(c) Neither initiate nor tolerate any form of discrimination, sexual or other harassment.

8. Conflict of Interest

A "Conflict of interest" arises when an individual's personal interest interferes — or appears to interfere — with the interests of the Company.

Directors and Senior Management shall:

a. Promptly disclose to the Board / Audit Committee any actual or potential conflict of interest.
b. Abstain from voting or deliberating on matters in which they have a personal/financial interest.
c. Disclose all material, financial, and commercial transactions where they have personal interest, that may have potential conflict with the Company.
d. Avoid all monetary transactions with the Company except those duly disclosed and approved.

Dealing in Securities of the Company

No Director or Senior Management shall enter into any agreement for himself / herself, or on behalf of any other person, with any shareholder of the Company or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company, unless prior approval for the same has been obtained from the Board as well as the public shareholders of the Company by way of an ordinary resolution. All interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.

For the purposes of this paragraph, the term "interested person" shall have the meaning ascribed to such term in the Listing Regulations.

9. Corporate Opportunities

Directors and Senior Management shall not:

1. Appropriate for themselves or their related entities any business opportunity that belongs to or is discovered through the Company;
2. Use Company property, information, or position for personal gain;
3. Compete, directly or indirectly, with the Company.

Such opportunity may be pursued only after full written disclosure to and prior approval of the Board.

10. Confidentiality of Information

The confidential and / or proprietary information of the Company — including research data, formulations, clinical trial results, manufacturing processes, regulatory dossiers (DMFs/ANDAs), patient data, pricing, business strategies, and unpublished price-sensitive information — is its valuable asset. It is the duty of the Directors and Senior Management to protect confidentiality and to introduce effective checks for this purpose. The Directors and Senior Management are expected to handle confidential information discreetly. Such information should be used only for the purpose of business of the Company. This obligation continues even after leaving the directorship / employment of the Company. The Directors and Senior Management are also expected to keep similar confidential information received from third parties under similar conditions of confidentiality.

Directors and Senior Management shall:

1. Use confidential information solely for legitimate business purposes of the Company;
2. Not disclose such information to any third party except where authorised or legally mandated;
3. Continue to maintain confidentiality even after ceasing to be a Director / employee of the Company;
4. Execute an Oath of Secrecy in the format prescribed in **Annexure-III**.

11. Compliance with Laws, Rules and Regulations

Directors and Senior Management shall comply with all applicable laws, including but not limited to:

1. The Companies Act, 2013;
2. The SEBI (LODR) Regulations, 2015 and SEBI (PIT) Regulations, 2015;
3. The Drugs and Cosmetics Act, 1940 and Rules thereunder;
4. The Pharmacy Act, 1948; UCPMP Code;
5. The Prevention of Corruption Act, 1988;
6. Environmental, Labour, Health & Safety, and Anti-Money Laundering laws;

12. Prohibition of Insider Trading

Every Director and Senior Management Personnel and their Designated Persons / Immediate Relatives shall comply strictly with the Institutional Mechanism for Prevention of Insider Trading, framed under SEBI (Prohibition of Insider Trading) Regulations, 2015.

13. Protection and Proper Use of Company Assets

Directors and Senior Management shall protect the Company's tangible and intangible assets and ensure that they are used only for legitimate business purposes. The Directors and Senior Management shall not take for themselves personally any business opportunities that belong to the Company or any business opportunities that are discovered through the use of corporate property or information of the Company. Their fiduciary responsibilities include:

1. Safeguarding the Company's assets, including intellectual property (patents, trademarks, trade secrets);
2. Maintaining accurate books and records;
3. Ensuring true, fair, and timely financial reporting;
4. Reducing waste and emissions, ensuring environmental compliance;
5. Providing internal/statutory auditors and the Audit Committee full access to records.

14. Gifts, Donations & Entertainment

Directors and Senior Management shall neither solicit nor accept nor offer, directly or indirectly, any illegal or improper payments, gifts, donations, or comparable benefits intended to obtain business or uncompetitive favours.

1. Nominal gifts of a commemorative nature, customarily exchanged on special occasions, may be accepted/offered.
2. Any gift, hospitality or entertainment exceeding a nominal value, shall require prior written approval of the CEO.

3. Interactions with healthcare professionals shall strictly comply with the Uniform Code for Pharmaceutical Marketing Practices (UCPMP).

15. Concurrent Employment / Non-Compete

Senior Management shall not, without the prior approval of the Chairman & Managing Director, accept employment, consultancy, directorship, or freelance assignments with any other company.

16. External Communication with Media & Investors

To preserve and protect the Company's reputation and ensure consistency of disclosures:

1. Only the Chairman, Managing Director and CEO, CFO, Company Secretary, or designated spokespersons are authorized to communicate with media, analysts, fund managers, brokers, and investors.
2. Other Directors / Senior Management receiving such requests shall direct them to Corporate Communications / Investor Relations.
3. All disclosures shall comply with Regulation 30 of the Listing Regulations and the Company's Policy on Determination of Materiality.

17. Dealings with Competitors and Outsiders

1. Contacts with competitors shall be limited to legitimate purposes (e.g., trade associations).
2. Industrial espionage, price cartels, anti-competitive arrangements, or unfair means of obtaining competitor information are strictly prohibited.

18. Statutory Disclosures

Directors and Senior Management are expected to make disclosures as required under applicable law including the Companies Act, 2013 and the regulations published by the Securities and Exchange Board of India from time to time, including but not limited to:

a. Directorships / Committee positions in other companies and any changes therein;
b. Shareholdings in the Company and other companies;
c. Interest in any contracts or arrangements;
d. Disclosures under the Insider Trading Code; and
e. Declarations of Independence (in case of Independent Directors), pursuant to Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations.

The Company shall disclose this Code as required under the Listing Regulations on its website www.nilpharma.co.in.

19. Duties of Independent Directors

In addition to the provisions of this Code, all independent directors of the Company shall act in accordance with the articles of association of the Company and the provisions of the Companies Act, 2013 read with the Listing Regulations. Further, in addition to this Code, all independent directors of the Company shall also comply with the Code for Independent Directors of the Company which is enclosed as **Annexure IV** to this Code. All Directors and Senior Management shall also comply with other policies and any other code of conduct of the Company, to the extent applicable to such Directors and/or Senior Management.

20. Annual Affirmation

In accordance with Regulation 26(3) of the Listing Regulations, all Directors and Senior Management Personnel shall affirm compliance with this Code as on 31st March of each financial year. This affirmation shall be given to the Board in the format prescribed in **Annexure-II**. The CEO / Managing Director shall confirm such compliance in the Annual Report.

21. Violation of the Code & Disciplinary Action

1. The Directors and Senior Management are accountable for full compliance with this Code. Sanctions for any breach of this Code shall be determined by the Board. Sanctions may include disciplinary action, removal from office as well as other remedies, as deemed appropriate and permitted by applicable law.
2. Any significant breach of this Code shall be notified to the Board.
3. The Company does not allow any form of retaliation against anyone for raising a concern and/or making a good faith report and/or for participating in an investigation. Anyone who raises a concern and/or makes a good faith report will be treated fairly and respectfully.

22. Waiver and Amendment

1. Any waiver of this Code may be granted only by the Board or the Audit Committee, and shall be promptly disclosed to the shareholders as required by law.
2. The Board reserves the right to amend, modify, abrogate, or revise any provision of this Code, as may be required by law or business requirements.
3. This Code will be subject to review and revisions as may be deemed necessary by the Board. In the event of any conflict between the terms of this Code and applicable law (including the Listing Regulations and the Companies Act, 2013), the provisions of applicable law shall prevail.

23. Disclosures

A copy of this Code, including all amendments, shall be hosted on the Company's website at www.nilpharma.co.in, and the weblink shall be provided in the Annual Report.

1. This Code shall be circulated to all Directors and Senior Management Personnel for acknowledgement (**Annexure-I**).

2. Any question relating to the interpretation of this Code shall be addressed to the Company Secretary & Compliance Officer.

24. Annexures

ANNEXURE-I – ACKNOWLEDGEMENT OF RECEIPT

I hereby acknowledge that I have received, read, understood, and accepted the Code of Conduct for Board of Directors and Senior Management of Novartis India Limited. I understand that there may be additional policies or laws specific to my position, and I undertake to comply with all such requirements. I shall consult the Compliance Officer in case of any clarification.

Name: ________________________

Designation: ________________________

Signature: ________________________

Date / Place: ________________________

ANNEXURE-II – ANNUAL AFFIRMATION FORMAT

To,
The Chairman / Managing Director,
Novartis India Limited

I, Mr./Ms. _____________________, (Designation) ___________________, son/daughter of _______________, resident of ___________________ hereby acknowledge that I have received and read the Code of Conduct for Directors and Senior Management of the Company ("**Code**"), and further affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the Code during the financial year ending March 31 ________________.

Signature: _________________________
Name: _________________________
Designation: _________________________
Place / Date: _________________________

(To be submitted on or before 15th April each year.)

ANNEXURE-III – OATH OF SECRECY

I, ____________________, son/daughter of ____________________, resident of ____________________, being a Director / Senior Management Personnel of Novartis India Limited, hereby solemnly affirm that, in terms of the Code of Conduct for Board of Directors and Senior Management of Novartis India Limited:

I shall use the confidential information of the Company only for the purpose of the business of the Company;
I shall not, at any time, use the confidential information for my personal gain;
I shall, at all times, during and after my directorship/employment, protect the confidentiality of the confidential and proprietary information of the Company.
This affirmation shall not extend to information that:
(a) is already in the public domain;
(b) subsequently comes into the public domain other than by my breach;
(c) is already in/comes into my lawful possession; or
(d) is required to be disclosed by law or by any competent regulatory authority.

Signature: ________________________
Name / Designation / Date: ________________________

ANNEXURE IV

CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

(*As per Schedule IV of the Companies Act, 2013*)

This code of conduct is a guide to professional conduct for independent directors ("**Independent Directors**") of the Company. Adherence to these standards by the Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators, and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An Independent Director shall:

(1) uphold ethical standards of integrity and probity;

(2) act objectively and constructively while exercising his / her duties;

(3) exercise his / her responsibilities in a *bona fide* manner in the interest of the Company;

(4) devote sufficient time and attention to his / her professional obligations for informed and balanced decision making;

(5) not allow any extraneous considerations that will vitiate his / her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;

(6) not abuse his / her position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

(7) refrain from any action that would lead to loss of his / her independence;

(8) where circumstances arise which make an Independent Director lose his / her independence, the Independent Director must immediately inform the Board accordingly; and

(9) assist the Company in implementing the best corporate governance practices.

II. Role and functions:

The Independent Directors shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, and standards of conduct;

(2) bring an objective view in the evaluation of the performance of the Board and management;

(3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

(4) satisfy themselves on the integrity of financial information, and that the financial controls and the systems of risk management are robust and defensible;

(5) safeguard the interests of all stakeholders, particularly the minority shareholders;

(6) balance the conflicting interest of the stakeholders;

(7) determine appropriate levels of remuneration of executive directors, key managerial personnel and Senior Management and have a prime role in appointing and, where necessary, recommending the removal of executive directors, key managerial personnel and Senior Management of the Company; and

(8) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between the management and shareholder's interest.

III. Duties:

The Independent Directors shall—

(1) undertake appropriate induction and regularly update and refresh their skills, knowledge, and familiarity with the Company;

(2) seek appropriate clarification or amplification of information and, where necessary, take and follow

appropriate professional advice and opinion of outside experts at the expense of the Company;

(3) strive to attend all meetings of the Board and of the committees of the Board of which he / she is a member;

(4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;

(5) strive to attend the general meetings of the Company;

(6) where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

(7) keep themselves well informed about the Company and the external environment in which it operates;

(8) not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

(9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;

(10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

(11) report concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or ethics policy;

(12) acting within his / her authority, assist in protecting the legitimate interests of the Company, shareholders, and its employees; and

(13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law or permitted to be disclosed under the Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

IV. Manner of appointment:

(1) The appointment process of Independent Directors shall be independent of the company management and, while selecting the Independent Directors, the Board shall ensure that there is an appropriate balance of skills, experience, and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) The appointment of Independent Director(s) of the Company shall be approved at the meeting of the shareholders in accordance with the Listing Regulations and the Companies Act, 2013.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of an Independent Director shall include a statement that, in the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:

(a) the term of appointment;

(b) the expectation of the Board from the appointed director and the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for directors' and officers' insurance, if any;

(e) the code of conduct that the Company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the meetings of the Board and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of the Independent Directors shall be open for inspection at the registered office of the Company by any member during normal business hours.

(6) The terms and conditions of appointment of the Independent Directors shall also be posted on the Company's website.

V. Re-appointment:

The re-appointment of Independent Director shall be on the basis of report of performance evaluation, and such re-appointment shall be approved at the meeting of the shareholders in accordance with the Listing Regulations and the Companies Act, 2013.

VI. Resignation or removal:

(1) The resignation or removal of an Independent Director shall be in the same manner as is provided in sections 168 and 169 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

(2) An Independent Director who resigns or is removed from the Board shall be replaced by a new Independent Director within three months from the date of such resignation or removal, as the case may be.

(3) Where the Company fulfils the requirement of Independent Directors on its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

VII. Separate meetings:

(1) The Independent Directors shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;

(2) All the Independent Directors shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent directors and the Board as a whole;

(b) review the performance of the chairperson of the Company, taking into account the views of executive directors and non-executive directors;

(c) assess the quality, quantity, and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

(1) The performance evaluation of Independent Directors shall be done by the entire Board, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

IX. Familiarisation Programme

The Company shall conduct a structured familiarization program to acquaint Independent Directors with their roles, the Company's business, the pharmaceutical regulatory landscape, and key risks. Details shall be hosted on the Company's website.

X. Pharmaceutical Sector-Specific Responsibilities

In view of the Company's operations in the pharmaceutical industry, Independent Directors shall additionally:

(1) Provide oversight on compliance with regulatory frameworks of CDSCO (India), USFDA, EMA, MHRA, WHO-GMP, PMDA, and other applicable health authorities;
(2) Review robustness of product quality, pharmacovigilance, drug safety, and recall mechanisms;
(3) Oversee R&D pipeline, intellectual property protection, clinical trial ethics, and adherence to Good Clinical Practice (GCP) and Good Laboratory Practice (GLP);
(4) Ensure ethical marketing practices in line with the Uniform Code for Pharmaceutical Marketing Practices (UCPMP);
(5) Review the Company's commitments to ESG, access-to-medicine, and patient affordability initiatives;

(6) Engage with internal auditors, statutory auditors, and quality assurance teams on regulatory inspections, FDA observations (Form 483, Warning Letters), and remediation actions.