

## **General Terms and Conditions**

### **1. Scope**

All product deliveries and services to Novartis Pharma (Pakistan) Limited. ("Novartis", "us" or "we" according to its context) from our Vendors shall be exclusively governed by these General Terms and Conditions for (the "T&C") - except as otherwise explicitly agreed. The general terms and conditions of our vendor(s) or service provider(s) or third party(ies) shall not be applicable even if we do not separately object to their validity in the individual case. Any reference in our order to the Vendor's or service provider's quotation documents does not imply acceptance of the vendor's or service provider's (hereinafter referred to as the "Vendor") general terms and conditions. Any agreements - including, in particular, any purchase or work orders accepted by a Vendor or service provider - to which these Purchasing Terms and Conditions shall apply, shall hereinafter be referred to as "Purchase Order" or "PO". These T&C shall form an integral part of such PO. In the event any conflict or different between the T&C and the term and condition of the supply agreement/service agreement to be signed by the Vendor and us, the terms and condition of the supply agreement/service agreement shall prevail.

### **2. Conclusion of the PO**

2.1 Our orders must be made in writing to be binding. They shall, however, be binding without formal signature if the order form contains an explicit statement to this effect.

2.2 Quotations shall be binding and shall be provided to us without charge unless explicitly agreed otherwise.

2.3 No remuneration shall be allowed for visits or for drawing up offers, projects etc.

2.4 In the event that vendor did not express its objection to the PO within 3 (three) working days upon receipt, the PO shall be deemed accepted by and bound the Vendor.

2.5 We shall be entitled to cancel the order without cost to ourselves if we have not received confirmation within 3 (three) working days of its receipt by the Vendor.

### **3. Delivery Date; Packaging; Risk of Loss or Damage;**

3.1 Delivery date indicated in the PO shall be binding. If there is any foreseeable delay in the delivery of a product or service, or non-conformance in quality, we must be informed immediately in writing. For the timeliness of deliveries, the relevant point in time shall be the date of receipt at the place of destination set forth in the PO. For the timeliness of deliveries involving the onsite construction or installation, the relevant point in time shall be the date of acceptance. The unconditional acceptance of a delayed delivery or service does not constitute a waiver of any claims for compensation that we may have, as a result of the delayed delivery or service.

3.2 Each delivery shall be reported to us immediately upon shipment by means of a notification of dispatch, which will be exactly broken down according to type, quantity and if applicable weight. Dispatch notifications, bills of lading, invoices and all correspondence must contain our order number and if applicable material number.

3.3 For deliveries of goods involving installation or onsite construction, the risk of loss or damage shall pass upon (final) acceptance. For deliveries of goods not involving installation or onsite construction, the

risk of loss shall pass upon receipt of the goods and the required documents at the place of destination specified in the PO, unless they are transported by means of our own vehicles or by a carrier determined by us. If the consignment arrives at its destination in damaged packaging or is handed over in damaged packaging to our driver or a carrier determined by us, we shall be entitled to refuse the consignment without checking the contents. Should it be necessary to return the consignment, the costs shall be borne by the Vendor.

3.4 The supplied goods shall be delivered packed in suitable packaging for transportation having regard to their nature.

3.5 The goods must conform to our specification, failing which, the goods will be rejected and the rejected goods will not be returned. The cost of destruction (if any) shall be borne by Vendor. In case if the goods should be returned, the cost shall be borne by Vendor.

3.6 For deliveries of goods involving installation or onsite construction, the risk of loss or damage shall pass upon (final) acceptance. For deliveries of goods not involving installation or onsite construction, the risk of loss shall pass upon receipt of the goods and the required documents at the place of destination specified in the PO, unless they are transported by means of our own vehicles or by a carrier determined by us. If the consignment arrives at its destination in damaged packaging, or is handed over in damaged packaging to our driver or a carrier determined by us, we shall be entitled to refuse the consignment without checking the contents. Should it be necessary to return the consignment, the costs shall be borne by the Vendor.

#### **4. Prices; Expenses; Invoice Information**

4.1 The price specified in the PO shall be binding and, except as otherwise specifically provided in writing, shall include all services and ancillary services set forth in the PO (for example, onsite construction and installation) and all ancillary costs, such as, in particular, the costs of suitable packaging and transportation to the place of delivery specified in the PO.

4.2 Unless expressly specified otherwise in the PO, reimbursement for travel expenses in connection with the provision of any services shall be made (i) only for travel preapproved by us in writing (fax or electronic email approval being sufficient), (ii) in accordance with our travel guidelines which we shall provide to Vendor upon request and (iii) subject to production of receipts or other evidence of payment. Any other expenses incurred by Vendor shall be reimbursable only if and to the extent expressly provided for in the PO.

4.3 Vendor's invoices shall include the following information:

4.3.1 Any and all invoices shall, as a minimum requirement, contain Vendor's name, address and account information, name and address of the company having issued the order, the number and date of PO, the amount invoiced, the applicable Sales Tax (if any) and all information required under the Pakistan statutory provisions regarding Sales Tax (such as, for example the SNTN number, if applicable);

4.3.2 Invoices pertaining to the delivery of goods (together with any ancillary services which shall not be charged according to time and materials, if any) shall contain the following additional information: description, item number and delivery quantity of each individual item, delivery address, date of delivery,

- where relevant under applicable law, the current good manufacturing principles (cGMP) and/or good distribution practices (cGDP) - the batch number.

4.3.3 Invoices pertaining to services of any kind (other than ancillary services according to Section 4.3.2) shall in addition to the requirements pursuant to Section 4.3.1, set forth the services to which the invoice relates and the delivery date or the delivery period covered by the invoice. Each invoice shall set forth separate figures for the service fees and for any billable expenses incurred by Vendor in connection with the services, if any. Receipts and other evidence of payment of any expenses must be sent to us together with the corresponding invoice.

4.4 In the event of a faulty, incomplete or late delivery or performance we shall be entitled, without prejudice to any other rights, to retain payments until proper delivery or performance without losing our entitlement to any rebates, cash discounts or similar payment benefits. This shall apply accordingly with regard to set-offs.

4.5 Vendor is only entitled to a right of set-off in respect of any undisputed or legally-established claims.

4.6 The Vendor must submit to our office, the correct original invoice (hard copy) for the supply within 7 (seven) days from delivery date.

## **5. Title; Materials supplied by us**

5.1 Title to the goods shall be transferred to us unconditionally and regardless of payment of the purchase price. All forms of expanded or extended retention of title are in any event excluded, so that any retention of title that may have been validly declared by Vendor shall only be applicable until payment has been made and only for the goods delivered.

5.2 Materials supplied by us may only be used for our orders. Any processing, mixing or combining of supplied materials by Vendor shall be done exclusively for us.

5.3 We reserve any ownership right, copyright or other intellectual including electronic documents) provided to Vendor in connection with the PO.

## **6. Novartis Third Party Code**

6.1 Vendor is obliged to comply with the laws of the respective jurisdiction, as they relate to Vendor's performance of the PO (including, in particular, the performance of any agreed services or the production or procurement of the goods (or parts thereof) to be delivered under the PO). In particular, Vendor shall not engage, actively or passively, directly or indirectly, in any form of bribery, corruption, violation of fundamental rights of its employees or child labor. Moreover, Vendor shall take responsibility for the health and safety of its employees and act in accordance with the applicable occupational safety and environmental laws. Vendor represents that any information provided by Vendor in the Novartis "Questionnaire for Third Parties" completed is accurate and complete. Vendor agrees and undertakes to inform us of any significant change to such information as soon as the relevant change occurs. Without prejudice to other rights and remedies we may have, we may terminate and or cancel the PO if Vendor violates any of the obligations set forth in this Section 6.1, 6.2 and 6.3 or if Vendor has provided false or incomplete information in the Novartis "Questionnaire for Third Parties". Vendor agrees and undertakes to inform us of any significant change to the information provided with the Questionnaire for Third Parties, as soon as the relevant change occurs. Vendor's breach of its obligations set forth in this Section will be

deemed to be a material breach of the terms of this PO, and Novartis shall have the right to immediately terminate this PO. If, however, Vendor's breach of duty is capable of remedy, we may terminate the PO only if Vendor has failed to comply with a period granted by us for remedying its breach of contract.

6.2 Vendors shall familiarize themselves with these codes, policies and guidelines and provide information on request to Novartis associates concerning labor, health and safety, animal welfare, anti-bribery and fair competition, and data protection and privacy practices, in the form requested and allow our associates (or our nominated third party experts) adequate access for the purposes of auditing compliance with these standards.

6.3 We promotes the societal and environmental values of the United Nations Global Compact to its Third Party Vendors (Vendors) and uses its influence where possible to encourage their adoption. We expects Vendors with whom we work to comply with the law, to adhere to ethical business practices and to observe the Novartis Third party code. The Novartis Third party code, Novartis Global Anti-Bribery Policy and other codes, policies and guidelines can be found at <http://www.novartis.com/corporate-responsibility/resources/index.shtml>, which will be sent to potential Vendors at no charge upon request. Vendor shall:

- Comply with the requirements set forth in the Novartis Third Party Code.
- adhere to the same rules as set forth for Novartis in the *Novartis Doing Business Ethically Policy*;
- comply with all applicable laws, regulations and guidelines related to this including but not limited to: (i) anti-corruption; and (ii) then applicable trade restrictions or embargoes;
- Comply with industry standards (to the extent they do not require compliance with standards that are less strict than those otherwise referred to in this PO)
- Provide information on request to Novartis associates concerning labor, health and safety, environment, animal welfare, anti-bribery and fair competition, and data protection and privacy practices, in the form requested.
- Allow Novartis associates (or nominated third party experts) adequate access for the purposes of auditing compliance with these standards.
- Use best endeavors to rectify identified non-compliances with the Novartis Third Party Code and report remediation progress to us on request.
- meet and pay all expenses it incurs (or is required by this PO to incur); and
- Perform its obligations under the PO with high ethical and moral business and personal integrity standard.
- upon request provide information to us as reasonably required in order to allow us to verify Vendor's compliance with Vendor's obligations under Sections 6.1, 6.2 and 6.3;
- be responsible for training any employee or contractor who is involved with the services set forth in the PO, on anti-bribery at its own expense, to the extent that this is reasonable taking into consideration the specific services to be performed; and

- solely as reasonably necessary for the purpose of verifying Vendor's compliance with its obligations pursuant to Sections 6.1, 6.2 and 6.3, allow certified public accountants nominated by us to enter Vendor's premises and perform an inspection during normal business hours and on reasonable advance notice and to disclose to such certified public accountant's documents (including electronic documents) and other information upon request. This obligation is subject to the certified public accountant's prior written confirmation to the Vendor that we may solely be informed of any breach of any such obligation, and that any information that the certified public accountant shall obtain in connection with the inspection shall otherwise neither be disclosed to us nor to any third party. Without prejudice to other rights and remedies we may have, we may terminate the PO if Vendor culpably violates any of the obligations set forth in this paragraph (bullet point), provided that Vendor has failed to comply with a reasonable period granted by us for remedying its breach of contract.

6.4 During performance of assembly, installation or other work in/on our premises Vendor shall observe our security instructions.

6.5 Novartis will have the right, at its cost, at any time upon reasonable prior notice, to audit all of Vendor's records to ensure its compliance with this PO (including compliance with Section 6) and to confirm all payments made by Novartis. Novartis may appoint an auditor to perform an audit and, if so, the appointed auditor will be subject to confidentiality obligations in relation to its review of vendor's Confidential Information. Upon written notice by Novartis that it wishes to conduct an audit, Vendor will provide full cooperation and grant access to all relevant documents and materials as reasonably required.

6.6 Compliance with law/Antibribery. The Parties shall perform their obligations under this PO in strict compliance with all laws, rules, regulations, notifications and guidelines as may be applicable to them from time to time and any or all of the right and obligation contained hereunder shall always be subject to such laws, rules, regulations, notifications and guidelines.

6.7 In particular, Vendor shall comply with the FCPA and the UK Bribery Act. Neither Vendor, nor any person employed by it or representing it, has ever made, offered, provided or authorized, and covenants that neither it, nor any person employed by it or representing it, will make, offer, provide or authorize, directly or indirectly, any payment or transfer of anything of value to any official, representative or employee of any government agency or instrumentality, any political party or officer thereof, or any candidate for public office for the purpose of influencing a decision by any of them in their official capacity, and no officer, director, partner, owner, principal, employee or agent of Vendor is an official or employee of a governmental agency or instrumentality or a government owned company in a position to influence action or a decision regarding the activities of vendor contemplated in this PO. Vendor covenants that it will inform Novartis, if and as soon as any person assumes such a position as an official or employee of a governmental agency or instrumentality or government owned company, while at the same time remaining an officer, director, partner, owner, principal, employee, or agent of Vendor. In addition to the above, Vendor undertakes not to bribe anyone either directly or through intermediaries, such as agents, consultants, advisers, or any other business partners ("Intermediaries"). Vendor understands that Novartis does not distinguish between public officials and private persons so far as bribery is concerned: bribery is not tolerated, regardless of the status of the recipient. Vendor also agrees and undertakes not to make any facilitation payment, directly or through Intermediaries. This applies irrespective of whether or not local law permits facilitation payments. For clarity, facilitation payments are payments to public officials to expedite the performance of duties of a non-discretionary nature. These payments are intended to

influence only the timing of the public officials' actions (e.g. payments to expedite visa issue or clearing goods through customs), but not their outcome. Vendor's failure to abide by the provisions of this Article shall be deemed a material breach of this PO. Novartis may, in such case, immediately terminate this PO at its sole discretion without any notice to Vendor. Vendor shall indemnify and hold Novartis and any of its Affiliates harmless from and against any and all liabilities that may arise by reason of Vendor's acts or the acts of third parties acting on Vendor's behalf, which would constitute a violation of this Article.

## **7. Warranty Rights**

7.1 In the event of any defects in the quality or title of the delivery items or any other breaches of Vendor's obligations hereunder, our rights shall be governed by the statutory regulations, except as otherwise provided below.

7.2 Vendor warrants that its goods and work deliveries have the properties provided for in the PO, that they comply with the relevant legal provisions and the recognized principles of technology, and that they do not have defects.

7.3 Insofar as the goods ordered by us are medicinal, healthcare, nutritional or dietary supplement goods or cosmetics or serve to manufacture such goods, Vendor warrants that it shall adhere to the applicable statutory provisions and generally accepted rules (in particular the applicable current good manufacturing practices (cGMP) and/or current good distribution practices (cGDP), if applicable).

7.4 With regard to the commercial duties of inspection and notification of defects, the statutory regulations shall apply with the following proviso: Our duty of inspection shall be limited to defects that are discoverable in our incoming inspection process, which consists of a visual inspection, including an inspection of the delivery documents, and in our quality control, which is based on random sampling (for example, damage in transport, incorrect or short delivery). If random checks show that parts of a delivery do not comply with the statutory or contractual requirements, we may reject the delivery as a whole.

7.5 The mere receipt or temporary use of goods or deliverables or any payments made by us do not constitute an acceptance or waiver of our rights.

7.6 Our statutory rights pertaining to defects shall apply without limitation. Defects of the goods and work deliveries for which a complaint is made during the statutory period of warranty, Vendor shall upon request immediately and free of charge (including all secondary costs) either, at our option, repair or replace the goods and/or work deliveries (or the faulty parts thereof). Vendor shall not be entitled to more than two attempts to affect a remedy. If the defects are to be remedied by Vendor the faulty goods shall be placed at his disposal either at the place they were at when the defect was discovered or, at our discretion, at their place of destination in accordance with Section 3.1. If the defect cannot be remedied on the spot, the Vendor shall undertake to collect the goods and subsequently return them to that same place.

7.7 After the unsuccessful expiry of a reasonable deadline set by us for repair or replacement we shall be entitled to exercise our legal rights for cancellation, reduction and compensation.

7.8 In the event that, following our notice of defects, Vendor is clearly not willing or not able to satisfy his obligation for warranty as soon as necessary in order to avoid disproportionately large damages, we shall be entitled to carry out the necessary measures personally or have these carried out by third parties and

shall be entitled to demand compensation for the necessary costs and expenses from Vendor. The same shall apply in the event that Vendor has not remedied the defect within a reasonable deadline set by us.

## **8. Property Rights**

8.1 Vendor further warrants that the import, storage, sale and conventional use of the goods, work delivery or results of services in accordance with the PO shall not infringe any third party's patent, copyright or other intellectual property rights.

8.2 Vendor shall release us and our customers from claims of third parties for any infringements of property rights and also bear all costs we incur arising out of or in connection with such claims.

## **9. Confidentiality; Storage of Contact Data**

9.1 Vendor undertakes to keep confidential financial, technical and other business information pertinent to us, our affiliated companies or our business partners, which Vendor has obtained in connection with the PO, unless this information has become generally known or known to the Vendor in another lawful manner and without any confidentiality obligation. In the event that the Vendor makes use of a third party for the performance of its contractual obligations, it shall make sure that such third party contractually commits itself to at least the same degree of confidentiality.

9.2 We shall be entitled to process and use the contact data of Vendor's employees or subcontractors deployed by Vendor for the fulfillment of the PO which become known to us in connection with the respective business relationship, solely for the execution of the PO and in accordance with the applicable data protection laws.

## **10. Applicable Law**

10.1 This Contract shall be governed, construed and determined in all respects, in accordance with the laws of Pakistan.

10.2 In the event of any claim or dispute arising under any Contract exceeding PKR 100,000 in value (including Sales tax), the parties shall seek to amicably resolve the dispute in good faith. If the claim or dispute remains unresolved within 30 days, the same shall be referred to arbitration by two arbitrators, one appointed by each Party, in accordance with the provisions of the Pakistan Arbitration Act, 1940 and the rules made thereunder. In case of disagreement between the two arbitrators, the dispute shall be referred to an umpire to be appointed by the said arbitrators in writing before proceeding with the reference. The award of the two arbitrators or of the umpire so appointed by them, as the case may be, shall be final and binding on the parties. The venue of arbitration shall be Karachi, and the language of arbitration shall be English.

## **11. Specific provisions regarding the Performance of Services.**

The following provisions of this Section 11 shall apply solely in the event and to the extent that Vendor shall perform services under the PO:

### **11.1 Performance of Services**

11.1.1 In the event that Vendor deploys personnel for the provision of the services it shall designate a contact person in writing. We shall communicate any requests regarding the performance of the services

only to Vendor's designated contact person. Any persons deployed by Vendor for the provision of the services shall solely be subject to Vendor's instructions, subject to Section 6.4.

11.1.2 If required under the applicable law Vendor shall ensure that Vendor and/or its employees or subcontractors deployed in performing the services are in possession of a valid work permit. Compliance with all local rules and regulations governing employment, such as e.g. social security payments for Vendor's personnel, if applicable, shall be the responsibility of Vendor.

11.1.3 Vendor does not have the right to use third parties to render the performance owed without our prior written consent.

11.1.4 Vendor warrants that it shall provide the services specified in the PO in conformance with the level of care and skill exercised by other professionals in similar circumstances, but in all cases no less than with reasonable skill and care. Vendor shall provide the services in a professional and timely manner and in compliance with all applicable laws and regulations. Vendor shall further ensure that the deliverables to be generated by Vendor in the performance of the services shall meet all specifications and/or other requirements which are set out in the PO.

11.1.5 In the event that a person deployed by Vendor for the performance of any services shall be replaced by another person, Vendor shall be responsible for, and bear the costs of, any training or other adjustment measure which may be required. We shall be entitled to request Vendor to replace any person deployed for the performance of any services in the event that such person has committed a serious breach of any contractual obligations. Vendor shall bear any costs resulting from such replacement.

11.1.6 Vendor shall adhere - and shall cause his personnel to adhere - to our internal safety and security policies including information governance management (IGM) policies or directives which have been communicated to Vendor, in the event and to the extent that such policies shall be applicable with regard to the performance of the services. If for any reason, Vendor is unable to adhere to any of our IGM policies or directives, Vendor shall provide an IGM exception request to our contact person named for such purpose. Such exception may be granted to Vendor only through our contact person named for such purpose and at our sole discretion. In the event that any of our internal safety and security policies shall be communicated to Vendor after conclusion of the PO and that Vendor is unable to comply with such safety and security policies or compliance with such safety and security policies would require substantial additional efforts, Vendor shall immediately notify us thereof in writing. In such event the parties shall faithfully cooperate to identify a reasonable solution and if necessary agree on an amendment of the PO.

11.1.7 Vendor is not entitled to sublicense or subcontract any of its obligation under the PO without the prior written consent of Novartis at its sole discretion. In the event that we do grant such approval: (a) Vendor will nonetheless remain full liable for the performance of its obligation hereunder and (b) vendor will be exclusively responsible for all costs associated with any such sublicense or subcontract arrangement. Vendor shall not assign its rights and obligations under this PO without Novartis' prior written consent, such consent to be at our sole discretion.

11.1.8 Any other terms and conditions in connection to this PO (including any late delivery penalty), if any, mutually agreed and signed by us and the Vendor, shall be considered as a part of this PO.

## **11.2 Data Protection**



11.2.1 Vendor shall ensure that all employees and contractors that it shall deploy for the performance of the services shall comply with the statutory data protection provisions.

11.2.2 Vendor shall deploy, for the performance of the services, only personnel who have been committed to maintain confidentiality of any personal data. Vendor shall provide evidence of this upon our request.

11.2.3 Vendor shall ensure that we shall be informed about all circumstances which we must be aware of for data protection or confidentiality reasons. In particular Vendor shall inform us immediately of any data security and/or data privacy breach. Further Vendor shall inform us immediately of any request of a data subject to access, rectify or delete its personal data. In case Vendor is obliged to disclose the personal data by virtue of an order of a competent authority or a court, it shall, where permissible, inform us as soon as possible about such order to disclose.

11.2.4 We shall be entitled to terminate the PO partially or in its entirety in the event that Vendor shall negligently not fulfill its obligations under Sections 11.2.1, 11.2.2 or 11.2.3 within a reasonable period of time set by us or in the event of Vendor's grossly negligent or willful breach of its data protection obligations.

### **11.3 Our Obligations to Co-operate**

We shall on an on-going basis provide such information to Vendor as is necessary for Vendor to deliver the services. Vendor shall notify us in writing (electronic mail or fax suffice) of any further information requirements that it may have, and absent such a notification the information provided by us shall be deemed sufficient.

### **11.4 Change Requests**

11.4.1 We may request changes to the services in writing at any time during the term of the PO. Vendor shall comply with such change requests unless this is unreasonable for Vendor in due consideration of its interests, in particular with respect to its operating resources, provided that the parties mutually agree on any other changes which reasonably result from the changes requested by us (in particular in relation to the required resources, deadlines and compensation).

11.4.2 Within a reasonable period of time from receipt of our change request, Vendor shall submit a written proposal regarding the requested changes to the services, which presents the effects of such changes on the PO, if any (in particular in relation to the required resources, deadlines and compensation).

### **11.5 Obligation to Return**

After expiry or termination of the PO, Vendor shall at our option, return to us or destroy any objects, documents, files and other data carriers supplied by us as well as all copies thereof, provided however, that Vendor may retain one copy for the sole purpose of proving compliance with Vendor's obligations under the PO.

## **12. Environmental Sustainability**

Vendor shall comply with Environmental Sustainability criteria.

### **12.1 Novartis Environmental Sustainability (ES) Strategy**

12.1.1 Carbon neutrality: Novartis is committed to becoming carbon neutral across its value chain by 2030 with the following stipulation: All Novartis products and/or services should be carbon neutral by 2030. Additionally, Novartis has committed to become a net zero carbon emissions company across the value chain by 2040.

12.1.2 Water quality: Novartis is committed to becoming water sustainable in its operations and to ensuring that manufacturing effluents have no water quality impacts on the receiving aquatic environment.

12.1.3 Waste reduction: Novartis is committed to becoming plastic neutral by 2030 by promoting circular economy, continuously reducing waste in operations, and adopting eco-friendly materials in its products and/or services where feasible.

## **12.2 Novartis Environmental Sustainability (ES) Expectations**

12.2.1 Carbon: Vendor shall ensure that all products and/or services procured by Novartis should be carbon neutral by 2030.

12.2.2 Water: Vendor shall ensure water is used responsibly throughout their operations and avoid any water quality impacts on the receiving aquatic environment as per local regulatory requirements.

Vendor shall manage active pharmaceutical ingredient (API) and drug substance manufacturing effluents during the course of production of products and/or services procured by Novartis in order to avoid any water quality impacts on the receiving aquatic environment with the following stipulations:

- i. Manufacturing effluents must be treated according to local regulatory requirements, and at least by either an on-site or an off-site mechanical-biological treatment.
- ii. The ratio of the API load to surface water (predicted environmental concentration, PEC) to the predicted no effect concentration (PNEC) shall be below 1 ( $PEC/PNEC < 1$ ), with the concerned PNEC value retrieved from a scientifically sound and reliable source approved by Novartis.
- iii. For API, Vendor shall demonstrate its water quality performance to Novartis through the disclosure of mass balances and/or analytical monitoring results. For a mass balance approach, conservative assumptions shall be applied.

These highlighted provisions apply only to API, Drug Substances Vendors

12.2.3 Waste: Vendor shall aim to continuously reduce waste in its operations and adopt eco-friendly materials for products and/or services procured by Novartis where feasible.

12.2.4 Vendor along with their approved subcontractors/Vendors shall support Novartis' ES Strategy by complying with (i) the provisions of Sections 12.2.1 to 12.2.3 above, (ii) any applicable laws relating to ES and (iii) any terms in the existing contract relating to ES.

## **12.3 Environmental Sustainability Related Data Collection & Reporting Obligations**

12.3.1 Upon request, Vendor shall grant access to Novartis, its Affiliates and/or designated representatives for conducting assessments on Vendor's performance with regard to the ES Expectations for products and/or services procured by Novartis.

12.3.2 Together with Novartis, Vendor and its Affiliates shall establish a sustainability roadmap for products and/or services procured by Novartis, including agreeing to track certain ES related Key Performance

Indicators (“ES KPIs”), defining baselines and setting milestones in order to track Vendor’s performance with regard to the ES Expectations and to identify opportunities to improve Vendor’s and its Affiliates ES performance.

12.3.3 Vendor and its Affiliates shall establish and maintain ES data in accordance with the relevant sustainability standards e.g., Global Reporting Initiative (“GRI”) and the respective materiality assessment. Vendor will also ensure same standards are followed by their Vendors and overall supply chain.

12.3.4 Vendor and its Affiliates shall establish and maintain Novartis product/service specific ES data (Product/ Service Carbon Footprint) and shall make it available to Novartis on annual basis. For this, they shall follow industry framework e.g., Partnership for Carbon Transparency (PACT) framework developed by the World Business Council for Sustainable Development (WBCSD).

12.3.5 Vendor and its Affiliates shall allow Novartis to report their ES related data regarding products and/or services procured by Novartis and/or its Affiliates to an independent third-party platform in an anonymized form, as may be required for the purposes of external reporting, benchmarking and auditing.

#### **12.4 Sustainability Standards and Commitments for the Supply Chain**

12.4.1 Vendor and its Affiliates shall establish and maintain public commitments related to carbon emissions and shall align its targets with and have them approved by the Science based targets initiative (SBTi) ([www.sciencebasedtargets.org](http://www.sciencebasedtargets.org)).

12.4.2 Vendor and its Affiliates shall establish and maintain external ES reporting and disclosures either through CDP ([www.cdp.net](http://www.cdp.net)), covering the climate change and water security modules, or through EcoVadis ([www.ecovadis.com](http://www.ecovadis.com)) in combination with PSCI ([www.pscinitiative.org](http://www.pscinitiative.org)).

12.4.3 Vendor and its Affiliates shall provide, upon request from Novartis or at an agreed frequency, the relevant environmental footprint data accredited by an independent third party (e.g., SGS, TUEV, Bureau Veritas, etc.).