

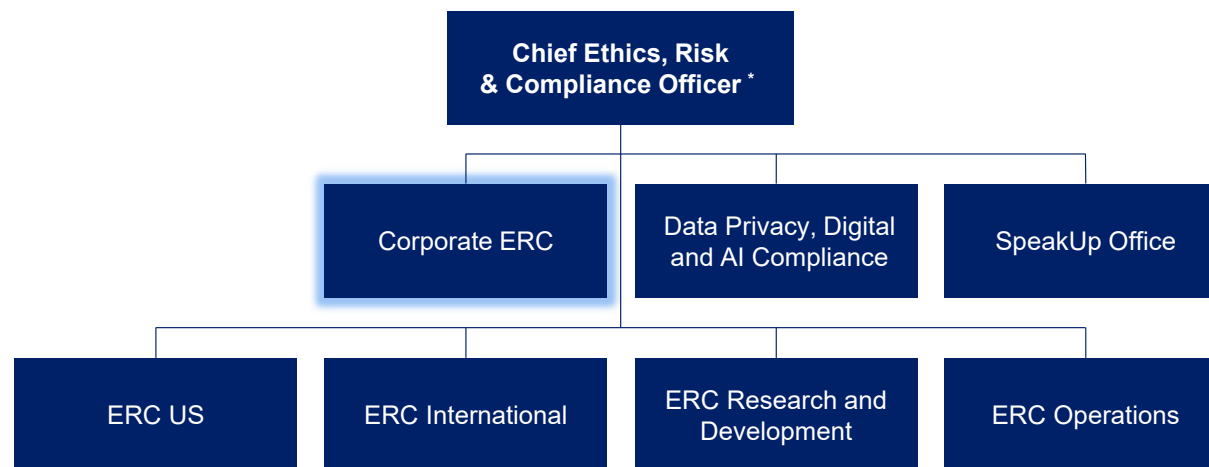
Novartis Enterprise Risk Management

September 2024

 **NOVARTIS** | Reimagining Medicine



Risk management is an essential part of our Ethics, Risk & Compliance organization



* Member of the Executive Committee of Novartis

Risk Management plays a fundamental role in the Novartis Integrated Assurance approach

Governance

Ensures clear accountability across people, process and tools

Compliance

Ensure risk areas are complying with laws, regulations and policies



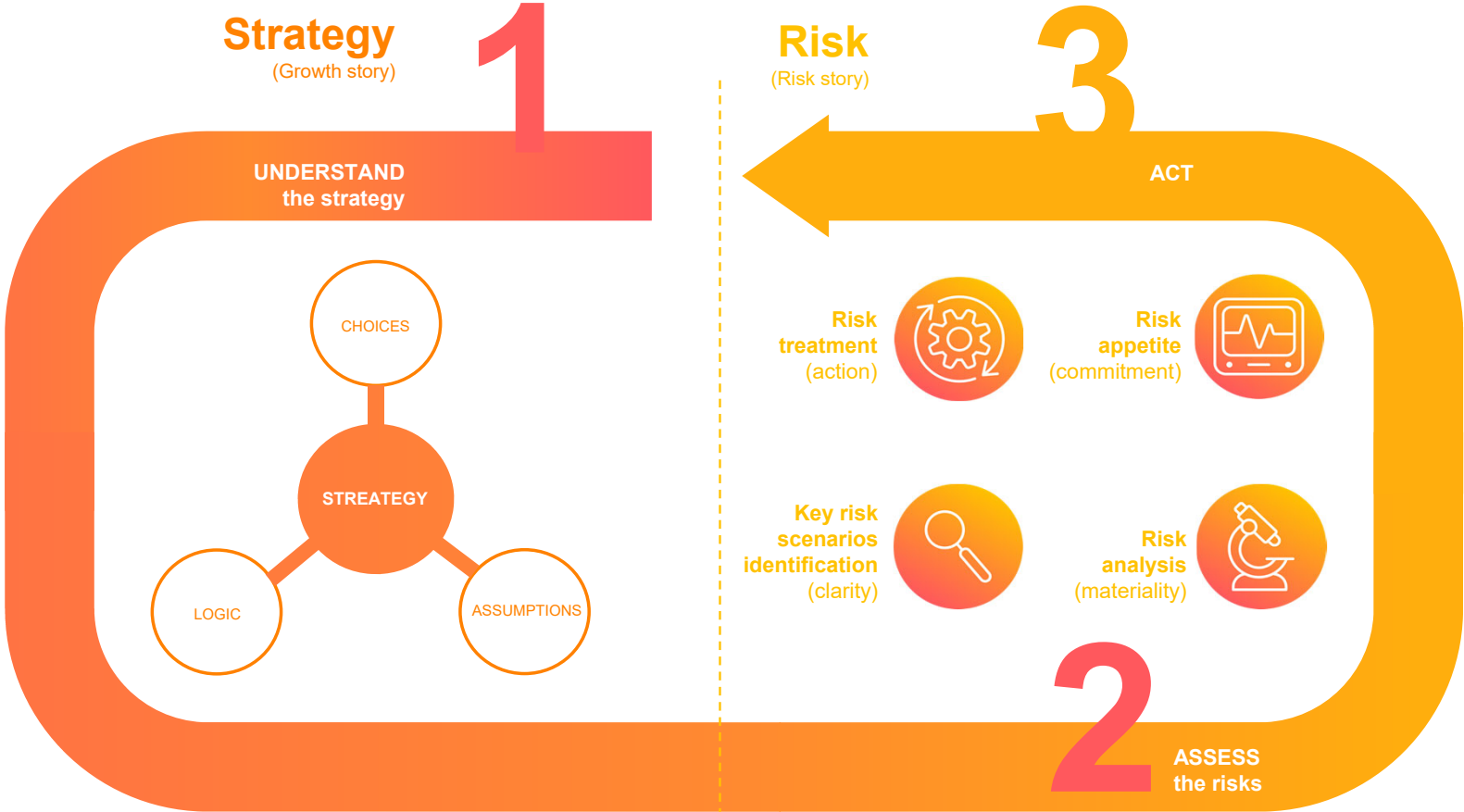
Controls

Ensure clear controls are defined, and assess effectiveness in managing risks

Risk Management

Identify and manage organisational risks, and maintain a crisis and BC management system

Enterprise Risk Management is fully aligned with the strategy of Novartis



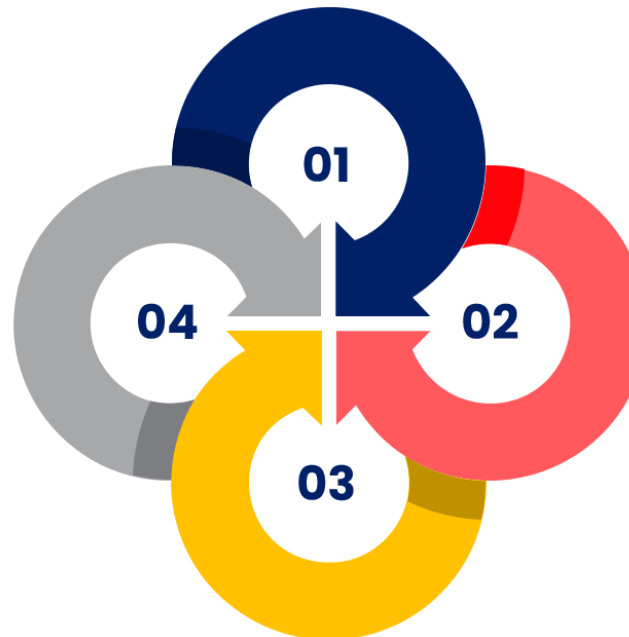
At Novartis, Enterprise Risk Management follows a standardized approach

Novartis established a harmonized Enterprise Risk Management process

The ERM process plays a key role in integrating Risk Management across our organization, to create a holistic view of the top risks that could limit our ability to deliver on our strategic priorities, and of the key opportunities of which we could take advantage.

The Risk Management process involves the systematic application of standardized practices and methodologies for assessing, treating, monitoring, reviewing, recording and reporting risks.

Effective Risk Management requires the development and implementation of treatment activities (action plans), which must be monitored on a regular basis.



1. Scope, Context, Criteria

Define the framework, requirements, and dimensions for risk assessment

2. Risk Assessment

Performing risk identification, analysis, and evaluation in workshops, including countries, organizational units, and corporate functions

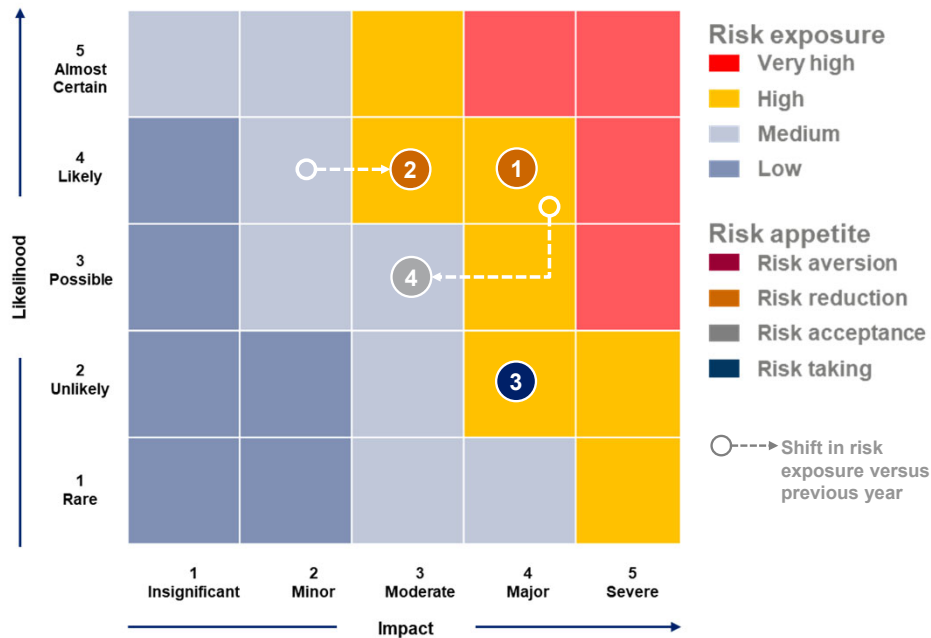
3. Risk Treatment

Covering risk aversion, reduction, acceptance, and taking, through actions including avoidance, mitigation, sharing, acceptance, and pursuit

4. Reporting

Clear communication of outcomes

Enterprise Risk Management enables a holistic view of risks across the company



Novartis Risk Matrix

The picture is a representation of the Risk Matrix and does not depict actual risks.

- Enterprise risks are assessed through a **three-dimensional evaluation** of impact, likelihood, and risk appetite and then mapped on the Risk Matrix.
- This process involves coordinated activities to identify and manage risks, based on discussions by leadership teams at the global level in close collaboration with risk functions across units and countries.
- Mitigation plans are defined to ensure risks reach the **target risk exposure**.



Thank you