



Thomas N. Kendris
President,
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June 5, 2018

The Honorable Ron Wyden
United States Senate
221 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Wyden:

Set forth below are responses to the letter dated May 11, 2018 from Senator Wyden to Thomas Kendris, President of Novartis Corporation and U.S. Country President. We have organized the responses into two sections. The first section addresses questions that seek a narrative response. The second section addresses requests for documents.

I. Narrative Responses.

A. Question 1.

Please provide any contract and any statement of work between Novartis and Mr. Cohen, Essential Consultants, LLC, and/or any other entities owned, managed, or controlled by Mr. Cohen or through which Mr. Cohen provided services.

Attached as Exhibit 1 is the contract, dated February 17, 2017, between Novartis International AG and Essential Consultants LLC ("Essential Consultants"). This is the only contract and statement of work between Novartis AG ("Novartis" or the "Company") or any of its subsidiaries and affiliates, and Mr. Cohen, Essential Consultants and/or any other entities owned, managed or controlled by Mr. Cohen, or through which Mr. Cohen provided services to the Company or its subsidiaries and affiliates.

B. Question 3.

Please provide copies of any other lobbying contracts between Novartis and any U.S.-based lobbyists, as well as any other agreements entered into by Novartis seeking advice or consultation as to how the Trump administration might approach certain U.S. healthcare policy matters.

As an initial matter, the February 2017 contract between Novartis and Essential Consultants was not a contract for lobbying services. Mr. Cohen was retained to provide consulting and advisory services on healthcare policy issues, including the repeal and replacement of the Affordable Care Act. Mr. Cohen was not retained to



provide lobbying services on behalf of Novartis, and this was a mutual and explicit understanding between the parties.

There are no contracts between Novartis and U.S.-based lobbyists with respect to the Trump Administration.

C. Question 4.

Please explain the internal approval process for the contract with Mr. Cohen, Essential Consultants, LLC, and/or related entities. In so doing, please provide a list of all Novartis personnel who approved the business relationship between Novartis and Mr. Cohen's firm(s). Please also provide a copy of any Novartis guidance document outlining the approval process for lobbying, consulting, or any similar contract, including but not limited to any document that describes different approval thresholds based on the size of the contract, and any documents memorializing the completion of this approval process.

Joseph Jimenez, the then Chief Executive Officer ("CEO") of Novartis, agreed to the business terms of the contract. Felix Ehrat, the then General Counsel of Novartis based in Basel, together with a U.S.-based Novartis lawyer (Barry Rosenfeld), negotiated the contract itself. Mr. Jimenez and Mr. Ehrat then co-signed the contract. This was well within Mr. Jimenez's and Mr. Ehrat's contract authorization level.

Novartis has a financial procurement process ("Procurement SOP") which applies to all third-party contracts. The process includes a list of steps, such as ensuring that there is a formal written contract, a purchase order and that persons from the Company's procurement function evaluate the contract, its compliance with the procurement process and note any deviations. The contract with Essential Consultants was treated consistently with this process. The Procurement SOP is attached as Exhibit 2.

Novartis also has a vendor registration process, pursuant to which it identifies vendors which potentially warrant additional due diligence in accordance with its Anti-Bribery Policies. The contract with Essential Consultants was appropriately entered into the vendor system, but it was not marked for additional due diligence. In hindsight, based on the nature of the consulting services Essential Consultants was retained to provide, there should have been more thorough consideration as to whether additional due diligence was warranted. Novartis currently is enhancing its procedures in that regard.



D. Question 5.

Why did Novartis decide to engage Mr. Cohen and/or his firm(s)? What deliverables was the company seeking to gain?

Novartis historically has engaged consultants, both in the U.S. and around the world, to advise on important healthcare issues. In light of the rhetoric on healthcare during the 2016 election campaign, Novartis felt it was important to understand how the Trump Administration would evaluate these issues, as well as to gain insight into which members of the Trump Administration Novartis should seek to meet with in connection with these issues.

The challenge in late 2016 and early 2017, was that the consultants Novartis had used historically were unfamiliar with the individuals likely to be appointed by President Trump. The individuals being considered (and the individuals ultimately appointed) were newcomers to government, and thus their stance on healthcare-related policy matters was unknown.

In late November 2016, a few weeks after the election, Mr. Jimenez was introduced to Mr. Cohen over the telephone by Irwin Simon, a friend and business colleague, as someone who previously had worked for President Trump but had decided he was not going to join the Trump Administration and planned to open a consulting firm. During a call in early February 2017, Mr. Cohen represented to Mr. Jimenez that he was knowledgeable about the individuals President Trump was likely to appoint and could provide the Company with information as to how these individuals would approach the healthcare-related issues Novartis was focused on. Because this was precisely the type of information and guidance Novartis was seeking, and in light of the fact that the Company's other consultants were unable to provide such information and guidance, Mr. Jimenez decided to retain Mr. Cohen on behalf of the Company.

With respect to deliverables, in addition to information and guidance as to how the relevant persons in the Trump Administration would approach certain healthcare issues, Mr. Jimenez also considered, consistent with the Company's historical practice when using other consultants, asking Mr. Cohen to help set up meetings between Novartis and these persons. Ultimately, Mr. Cohen did not provide information or guidance regarding how the Trump Administration would approach healthcare issues. Nor did Mr. Jimenez or anyone else at Novartis ask Mr. Cohen to arrange meetings for Novartis executives.

As set forth above, Mr. Cohen was not retained to himself participate in any meetings on Novartis's behalf, or to perform any other lobbying services.



II. Document Requests.

Attached as Exhibit 3 to this submission is a table of payments between Novartis and Essential Consultants and the associated details.

Exhibit 4 to this submission contains copies of all communications between Novartis and Michael Cohen/Essential Consultants.

There are no documents responsive to requests 8 and 9. Novartis did not receive any information from Mr. Cohen, Essential Consultants and/or any other entities owned, managed or controlled by Mr. Cohen or through which Mr. Cohen provided services to the Company. Nor did Novartis engage in any communications with third parties -- including the third parties described in Questions 8 and 9 -- in which it referenced Mr. Cohen, Essential Consultants and/or any other entities owned, managed or controlled by Mr. Cohen or through which Mr. Cohen provided services to the Company.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas N. Kendris'.

Thomas N. Kendris
President, Novartis Corporation,
US Country Head

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