

Title: Methodological Note

Disclosure of Payments and other Transfers of Values to Health Care Professionals and Health Care Organizations following the 'EFPIA Code on Disclosure of Transfers of Value'

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1. Reference to National Transparency Laws and Regulations

Alcon supports laws and regulations that promote transparency around relationships between healthcare companies, Health Care Professionals (“HCPs”) and Healthcare Organizations (“HCOs”) associated with Transfers of Value (“ToVs”) related to prescription-only medicines¹ by establishing a single, consistent transparency standard in Europe for disclosing such ToVs.

As an affiliate of Novartis Pharma AG, which is an EFPIA Member Company, Alcon Eye Care UK Limited (“Alcon”) complies with the obligation to collect, disclose and report ToVs related to prescription-only medicines to HCPs/HCOs in accordance with the:

- *National transposition of the EFPIA Code On Disclosure Of Transfers Of Value From Pharmaceutical Companies To Healthcare Professionals And Healthcare Organizations*².
- Association of the British Pharmaceutical Industry (“ABPI”) disclosure requirements based on the EFPIA Code outlined in Clause 24 of the 2016 UK ABPI Code of Practice.

2. Purpose of the Methodological Note

This document is intended to serve as supporting documentation for the 2017 Alcon Disclosure Report. Our position is based on the interpretation of the currently valid version of the EFPIA Disclosure Code, and the locally transposed EFPIA disclosure code, Clause 24 of the 2016 UK ABPI Code of Practice.

It summarises the disclosure recognition methodologies and business decisions as well as country specific considerations applied by Alcon in order to identify, collect and report ToVs for each disclosure category as described in Section 3.01 of the EFPIA Disclosure Code.

These disclosure recognition methodologies and business decisions include but are not limited to:

- Scope of the UK’s disclosure on ToVs (Chapter 4)
- Handling of ToV dates for intangible (direct or indirect) ToVs (Chapter 0)

¹ A definition on the terms “HPO/HCO” and “ToVs” will be provided in Chapter 5 “Alcon’s Disclosure Recognition Methodology and related Business Decisions” of this document.

² The EFPIA Code On Disclosure Of Transfers Of Value From Pharmaceutical Companies To Healthcare Professionals And Healthcare Organization (in short: EFPIA Disclosure Code) states in Section 3.05. *Methodology* that “each Member Company shall publish a note summarizing the methodologies used by it in preparing the disclosures and identifying Transfers of Value for each category described in Section 3.01. The note, including a general summary and/or country specific considerations, shall describe the recognition methodologies applied, and should include the treatment of multi-year contracts, VAT and other tax aspects, currency aspects and other issues related to the timing and amount of Transfers of Value for purposes of this Code, as applicable”.

- Treatment of cross-border ToVs (Chapter 5.3)
- Definition and clarification for each ToVs category as defined in the EFPIA reporting template (Chapter 0)
- Data Privacy aspects (Chapter 6)
- Treatment of financial aspects such as currency, VAT and other tax aspects (Chapter 7)
- Treatment of multi-year contracts (Chapter 7)
- Published Data (Chapter **Error! Reference source not found.**)

3. Alcon's Commitment and Responsibility for Disclosure

Alcon supports laws and regulations that promote transparency around relationships between healthcare companies and HCPs/HCOs associated with ToVs related to prescription-only medicines.

Alcon establishes a single, consistent transparency standard for disclosing transfers of value in all EFPIA countries.

4. Scope of the Alcon Disclosure on Transfers of Value

This 2017 Alcon Disclosure Report follows the standards pursuant to the local transposition of the EFPIA Disclosure Code, namely Clause 24 of the 2016 UK ABPI Code of Practice. Included in this disclosure report are all direct or indirect ToVs related to prescription-only medicines disclosed by Alcon to or for the benefit of a Recipient made by Alcon as described in Article 3 of the EFPIA Disclosure Code. Further details on the disclosure scope will be provided in Chapter 54 of this document.

The legal definition of 'prescription-only medicine' is made with reference to the corresponding definition in the local pharmaceutical regulation. ToVs related to a group of products that includes prescription-only medicines (e.g. combination products/diagnostics and medicinal products) are reported in total following the disclosure requirements of the EFPIA Disclosure Code.

In summary, this 2017 Alcon Disclosure Report covers direct and indirect ToVs, and payments, in kind or otherwise, made to HCPs/HCOs in connection with the development and sale of prescription-only medicinal products exclusively for human use, whether for promotional purposes or otherwise.

Excluded from disclosure are items not listed in this 2017 Alcon Disclosure Report such as items of medical utility (governed by Article 9 of the EFPIA HCP Code), meals and drinks (governed by Article 10, especially Section 10.05 of the EFPIA HCP Code), medical samples (governed by Article 16 of the HCP Code) or items which are part of ordinary course purchases and sales of Medicinal Products by and between a Member Company and HCP or HCO.

In this report, Alcon discloses the amounts of value transferred, by type, with data coverage from January 1st 2016 to December 31st 2016. Alcon disclosure is performed for the full calendar year 2016.

Whenever possible Alcon follows the principle of disclosure at an individual HCP/HCO level, to ensure that each Recipient is referred to in such a way that there is no doubt as to the identity of the HCP/HCO benefitting from the ToVs. Aggregate disclosure for non Research & Development ToVs is only used in cases where consent could not be obtained despite best efforts or in case of withdrawal of consent.

In addition Vision Care and Surgical data are also disclosed in aggregate

5. Alcon's Disclosure Recognition Methodology and related Business Decisions

This chapter represents the core content of this Methodological Note. It provides comprehensive information on the terminology definitions, recognition methodology and business decisions that affected how the published ToVs data was established for each category of the disclosure report.

5.1 Definition of Healthcare Professionals ("HCP")/ Healthcare Organisations ("HCO")

Alcon applies the definition of the HCP/HCO as outlined in the EFPIA Disclosure Code Schedule 1 (Scope - § 4) and in Clause 1 of the UK 2016 ABPI Code.

Alcon has developed HCP/HCO unique identifiers to ensure that the identity of the HCP/HCO benefitting from the ToVs is clearly distinguishable for each Alcon affiliate.

In accordance with EFPIA Disclosure Code Schedule 1 and the UK 2016 ABPI Code, ToVs to HCPs/HCOs are disclosed in the country where the Recipient's primary practice is located, independent of whether the ToVs occurred inside or outside that country. The physical address where the HCP has his/her primary practice or the principal address of an HCO is used as the deciding factor when determining in which country the data should be disclosed.

Whenever possible, Alcon follows the principle of disclosure on individual HCP/HCO level for non Research and Development related ToVs, to ensure that each Recipient is referred to in such a way that there is no doubt as to the identity of the HCP/HCO benefitting from the ToVs. Aggregate disclosure is only used in exceptional cases, e.g. if consent could not be obtained despite best efforts or in case of withdrawal.

5.2 Definition of Direct and Indirect Transfer of Values

Alcon applies the EFPIA definition of ToVs as outlined in EFPIA Disclosure Code schedule 1.01 and in the 2016 UK ABPI Code of Practice.

According to the EFPIA Disclosure Code schedule 1, the following definitions apply throughout this report:

- Direct ToVs are defined as those ToVs, payments or in kind, made directly by Alcon to the benefitting HCPs/HCOs.
- Indirect ToVs are defined as those ToVs made through an intermediary (third party) on behalf of Alcon for the benefit of HCPs/HCOs where Alcon knows or can identify the HCPs/HCOs that benefits from the ToVs.

In general, ToVs are reported at the level of the first identifiable Recipient which falls under the EFPIA definition of an HCP/HCO. To the extent possible, disclosure is made under the name of the individual HCP or at the HCO level, as long as this could be achieved with accuracy, consistency and compliance with the EFPIA Disclosure Code and the definition in clause 1 of the 2016 UK ABPI Code of Practice. Where a ToV was made to an individual HCP rendering services on behalf of an HCO indirectly via this HCO, such ToVs are only disclosed once on either Recipient level.

Generally, ToVs to HCPs via an HCO are always disclosed at the first level recipient (HCO). When a tripartite contract exists between Alcon, an HCO and an HCP, with the HCP as benefitting party, ToVs are disclosed at the HCP level. If Alcon holds a contract with a non-HCO Third-Party vendor acting on behalf of Alcon and is contracting an independent HCP/HCO to provide a reportable activity, ToVs are disclosed at the individual subcontracted HCP/HCO level. This only applies if the HCP/HCO must not remain unknown in order to comply with good market practices or Alcon internal rules.

ToVs from distributors of Alcon to HCPs/HCOs whose primary practice is in an EFPIA country must be disclosed if the distributor is making a ToV on behalf of Alcon (influencing the promotional activities and selection of recipient).

5.3 Definition of Cross-border Transfer of Values

Alcon applies the EFPIA definition of cross-border ToVs according to which a cross-border ToV is a Transfer of Value to an HCP/HCO that **occurred outside** the country where the Recipient has its primary practice, principal professional address or place of incorporation provided that this country is an EFPIA regulated country.

In general, such ToVs are disclosed in the country where the Recipient has its principal practice, principal professional address or place of incorporation - in clause 24 of the 2016 UK ABPI Code of Practice.

5.4 Transfer of Value Categories according to the EFPIA Disclosure

Alcon applies the EFPIA definition of the ToVs categories as outlined in EFPIA Disclosure Code Article 3.01 – and in clause 24 of the 2016 UK ABPI Code of Practice.

The following categories constitute the EFPIA Disclosure Template used to create the 2017 Alcon EFPIA/ABPI Disclosure Report:

- Donations and grants to an HCO
- Contribution to costs related to events to an HCO/HCP, such as:
 - Sponsorship agreements
 - Registration fees
 - Travel and accommodation
- Fees for service and consultancy to an HCO/HCP
 - Fees for service and consultancy
 - Expenses related to fees for service and consultancy
- Research & development
- Joint Working

Details on the recognition methodology and business decisions affecting how the published ToVs data was constructed for each category can be found in the subsequent sub-chapters.

5.4.1 Transfer of Values related to Donations and Grants

Alcon applies the EFPIA definition of the “Donations and Grants” category as outlined in EFPIA Disclosure Code Article 3.01 – and in clause 19 and clause 24 of the 2016 UK ABPI Code of Practice.

Grants to a hospital/university department or teaching institution are disclosed in the name of the legal entity that is the Recipient of the ToVs – this may be the hospital, university or independent department within these organisations.

ToVs to a charitable organisation are disclosed under the “Donations and Grants” category in the name of the benefitting HCO if the charitable organisation falls under the EFPIA definition of a benefitting HCO and if one or more employed HCP provided reportable services to Alcon. Charitable product donations made to HCOs in the context of humanitarian aid are disclosed in the “Donations and Grants” category.

5.4.2 Transfer of Values related to Contribution to Costs of Events

Events are defined as promotional, scientific or professional meetings, congresses, conferences, symposia, and other similar events (including, but not limited to, advisory board meetings, visits to research or manufacturing facilities, and planning, training or investigator meetings for clinical trials and non-interventional studies) organised or sponsored by or on behalf of Alcon pursuant to schedule 1 of the EFPIA Disclosure Code.

ToVs to participating HCPs/HCOs related to such events falling under the definition above are disclosed in the “Costs of Events” sub-categories “Sponsorship Agreements”,

“Registration Fees” or “Travel and Accommodation”. ToVs that by exception fall into the “Fee for Service and Consultancy” or “Research & Development” categories are outlined in the respective Chapters 5.4.3 and 5.4.4.

5.4.2.1 Transfer of Values related to Contribution to Costs of Events – Sponsorship Agreements

Alcon applies the EFPIA definition of the “Sponsorship Agreements” category as outlined in EFPIA Disclosure Code Article 3.01, following the principle that “Sponsorship Agreements” are formalised in contracts that describe the purpose of the sponsorship and the related direct or indirect ToV – and in clause 21, clause 22 and clause 24 of the 2016 UK ABPI Code of Practice.

In general, indirect sponsorship of an HCP through an HCO is disclosed under the “Sponsorship Agreements” category as payment to the HCO as first level recipient of the ToV. This applies to the following categories: ToVs related to intermediaries selecting the faculty who acted as speakers or faculty at an event; ToVs related to advertising space, sponsoring of speakers/faculty, satellite symposia at congresses, courses provided by HCO; ToVs made through a professional conference organiser (“PCO”) as intermediary e.g. for the hire of booths or stand space on behalf of an HCO, are disclosed as ToVs either in the “Sponsorship Agreements” category or as “Fee for Services and Consultancy” depending on the nature of the spend, in the name of the sponsored HCO as benefitting recipient, because in such case, Alcon provides the sponsorship through the PCO, but with the intention to sponsor the HCO.

If part of the sponsoring contract requires the HCOs to use some of the sponsorship amount to invite a number of HCPs selected by Alcon to that congress, the ToV is split and disclosed based on the ToVs category the amount was used for (“sponsoring agreements” of speakers/ faculty; “registration fees” or “travel and accommodation”) individually in the name of each HCP.

If an intermediary organised an event with sponsorship of Alcon on behalf of more than one HCO, the ToV is disclosed based on the actual ToV allocated to each benefitting HCO wherever possible. In cases where it was not possible to accurately allocate the ToVs to each HCO involved in the event, it was assumed that all HCOs had similar levels of involvement. In consequence, the ToV was divided by the number of HCOs, which would each be reported as having received their equal share of the ToVs.

5.4.2.2 Transfer of Values related to Contribution to Costs of Events – Registration Fees

Alcon applies the EFPIA definition of the “Registration Fees” related to cost of events categories as outlined in EFPIA Disclosure Code Article 3.01 – and in clause 22 and clause 24 of the 2016 UK ABPI Code of Practice.

In general, whenever registration fees were charged for an event organised or sponsored by or on behalf of Alcon, they are disclosed in the name of the benefitting HCP or HCO. The total amount of Registration Fees paid in a given year to a HCO should be disclosed on an individual basis (in the name of the HCO) under “Contribution to costs related to

Events”. The total amount of Registration Fees paid in a given year to a HCP who is the clearly identifiable Recipient is disclosed on an individual basis (in his/her name) under “Contribution to costs of Events”.

5.4.2.3 Transfer of Values related to Contribution to Costs of Events – Travel & Accommodation

Alcon applies the EFPIA definition of the “Travel and Accommodation” related to cost of events categories – included in clause 22 and clause 24 of the 2016 UK ABPI Code of Practice.

ToVs covered under the “Travel and Accommodation” category include costs of: flights, transportation e.g. trains, buses, taxis, etc., car hire and tolls, parking fees, accommodation e.g. hotel, apartment, etc.

In general, ToVs related to travel and accommodation are disclosed at first level Recipient basis. If the ToVs are made through the HCO or intermediary (third party), it will be disclosed at individual HCP level whenever possible (see Chapter 0).

ToVs related to travel and accommodation for a group of HCPs such as mass group transport with a bus are disclosed on an aggregate basis. If the mass transportation is shared by a group of HCPs who have their primary practice in different countries, the ToVs are disclosed in aggregate with the total cost divided equally among the planned number of benefitting HCPs per country.

5.4.3 Transfer of Values related to Contribution to Fees for Service and Consultancy

5.4.3.1 Transfer of Values related to Contribution to Fees for Service and Consultancy – Fees

Alcon applies the EFPIA definition of the “Fees for Service and Consultancy” category as outlined in EFPIA Disclosure Code Article 3.01 – and in clause 21, clause 23 and clause 24 of the 2016 UK ABPI Code of Practice.

ToVs covered under the “Fees for Service and Consultancy” category, whether made directly or through a third party to an HCP/HCO, include but are not limited to: services performed in connection with third-party congresses, speakers’ fees, speaker’s trainings, medical writing, data analysis, development of educational material, interviews e.g. on the Novartis Pharma UK products or research, general consulting/advising, services by distributors, consultancy for tool/questionnaire selection or analysis, advisory boards, chairing engagements inter alia.

Alcon has formalised such collaboration in a contract describing the purpose of ToVs. In general, the ToVs received by the contracting entity – which may be an HCP, a legal entity owned by an HCP (considered an HCO under the EFPIA Disclosure Code or an HCO – are disclosed under the “Fees for Service and Consultancy” category in the name of that contracting entity. This is aligned with the requirement of the Code for Member

Companies to make individual disclosures in the name of the person/legal entity that receives the Transfer of Value (i.e., the Recipient).

As mentioned in Chapter 5.4.2.1, ToVs made through a PCO as intermediary e.g. for the hire of booths or stand space on behalf of an HCO, are disclosed as ToVs either in the “Sponsorship Agreements” category or as “Fee for Services and Consultancy” depending on the nature of the spend, in the name of the sponsored HCO as benefitting Recipient - since in such case Alcon provides the sponsorship through the PCO but with the intention to sponsor the HCO. ToVs related to market research studies for which the identity of the Recipient were known to Alcon, are disclosed under the “Fees for Service and Consultancy” category. ToVs related to market research studies for which the identity of the HCP/HCO were not known to Alcon are not disclosed as the right of the respondents to remain anonymous is embodied in market research definitions and relevant codes of conduct worldwide.

Alcon decided to disclose ToVs related to preceptorships considering that such non-promotional independent “practical” training offered by HCP to HCP, sometimes by an HCO – typically in a specific disease area at a reputable teaching institution (faculty of medicine, university, university hospital) – falls under the definition of “Fees for Service and Consultancy” and is disclosed in the name of that contracting entity. ToVs related to medical writing and editorial support made directly or indirectly to an HCO/HCP are disclosed under the “Fees for Service and Consultancy” in the name of the benefitting HCP/HCO– in clause 21, clause 23 and clause 24 of the 2016 UK ABPI Code of Practice.

The following instances of medical writing and editorial support are covered under the “Fees for Service and Consultancy” category: case studies, congress write ups, articles and abstracts, manuscripts, posters, clinical management guidelines, supplements, inter alia.

ToVs related to the following Research and Development related activities (see Chapter 5.4.4) but when they do not fall under the definition of Research and Development ToVs as stated by the EFPIA Disclosure Code and EFPIA HCP Code Article 15 are disclosed under the “Fees for Services and Consultancy” category in the name of the benefitting Recipient, for example:

- Retrospective non-interventional studies not falling under the definition of Research and Development ToVs as per EFPIA Disclosure Code definition of Research & Development Schedule 1 and EFPIA HCP Code Article 15
- Investigator initiated trials, investigator sponsored trials and Investigator meetings, in the exceptional case when such ToVs do not fall under the definition of Research and Development
- Activities contracted to CROs where Alcon makes indirect ToVs to HCPs/HCOs but not falling under the definition of Research & Development Definition
- Project activities related to e.g. disease area/ mode of action/ market placement, adjudication committees, speaker programmes, scientific meetings, ethics committees, steering committee and advisory board activities not in scope of the EFPIA Research and Development definition

- ToVs related to consultancy for tool/questionnaire selection or analysis and reporting of results.

5.4.3.2 Transfer of Values related to Contribution to Fees for Service and Consultancy – Related Expenses

Alcon fully complies with the EFPIA definition of the “Fees for Service and Consultancy - Related Expenses” category as outlined in EFPIA Disclosure Code Article 3.01 – and in clause 21, clause 23 and clause 24 of the 2016 UK ABPI Code of Practice.

In general, the ToVs amount related to expenses such as travel and accommodation costs associated with the activity agreed to in a “Fees for Service” or “Consultancy” contract do not constitute part of the fees itself; in consequence such ToVs are disclosed under the “Related Expenses” category in the name of the benefitting HCP/HCO.

In case such expenses were not material (e.g. of limited value), or when such expenses despite best efforts could not be accurately disaggregated from the fees, such ToVs have been disclosed as part of the total amount of fees under the “Fees for Service or Consultancy” category.

5.4.4 Transfer of Values related to Research and Development

Alcon applies the EFPIA definition of the “Research and Development” category as outlined in EFPIA Disclosure Code – Schedule 1, the definition of non-clinical studies in the OECD Principles on Good Laboratory Practice, the definition of clinical trials and non-interventional studies (as defined in Directive 2001/20/EC and Section 15.01 of the HCP Code) - and in supplementary information to clause 23.2 of the 2016 UK ABPI Code.

ToVs **related to the following Research and Development activities** are disclosed under the “Research and Development” category in aggregate form whenever they fall under the definition of Research and Development by the EFPIA Disclosure Code, for example:

- Activities related to the planning/conduct of non-clinical studies, clinical trials or prospective non-interventional studies and that involve the collection of patient data from or on behalf of individual, or groups of HCPs specifically for the study (Section 15.01 of the HCP Code).
- IIT (Investigator Initiated Trials) and IST (Investigator Sponsored Trials - since, although not initiated by Alcon, they may benefit from Alcon contribution
- Post Marketing Trials, Investigator Meetings - in which case the total ToV amount is disclosed and in case of participating HCPs from other countries, the total actual cost per meeting including infrastructure, travel, logistic and, with the exclusion of meals whenever possible, is divided by the number of participants per country of practice
- Activities contracted to CROs, where Alcon makes indirect ToVs to HCP/HCOs falling under the definition of Research and Development.

ToVs made by or on behalf of Alcon **related to consultancy activities** are disclosed under the “**Research and Development**” category in aggregate form whenever they fall under the definition of Research and Development by the EFPIA Disclosure Code:

Consultancy activities related to the planning/conduct of non-clinical studies, clinical trial or prospective non-interventional studies, Ethics Committees, Steering committees and advisory board activities related to the planning/conduct of non-clinical studies, clinical trials or prospective non-interventional studies, adjudication committees, speaker programmes, scientific meetings, inter alia.

ToVs related to **Licensing Fees** paid for the use of Clinical/Health Economics and Outcomes Research questionnaires and tools, if the questionnaires and tools are intended for use with an R&D project/study, are reported in aggregate form under the “Research and Development” category.

As defined in Chapter 5.4.3, ToVs related to **medical writing and editorial support** made by or on behalf of Alcon to an HCO/HCP are disclosed under the “Fees for Service and Consultancy” category in the name of the benefitting HCP/HCO—in clause 21, clause 23 and clause 24 of the 2016 UK ABPI Code of Practice.

The following instances of medical writing and editorial support are covered under the “Research and Development” category: investigator’s brochure (trials), clinical study report (trials), clinical report, safety report; generally all types of medical writing related to clinical trials/ related to Research and Development activities.

6. Measures Taken to Ensure Compliance with Data Privacy Requirements:

This chapter describes measures taken by Alcon to ensure compliance with data privacy regulations, rules on consent collection and managing of relevant information to comply with relevant internal rules, data privacy laws and regulations.

6.1 Safeguarding Measures to Address Lawful Collection, Processing and Transfer of HCPs’ Personal Data

Data privacy refers to the individual’s fundamental right to control the use of, access to and disclosure of information that describes or identifies the individual (“personal information”). To fulfil the transparency disclosure requirements, it is necessary to collect, process and disclose such personal data within and outside of Alcon. This data will be published for 3 years in the public domain and be stored for a minimum of 5 years on record by Alcon. The disclosure of such personal information by Alcon is at all times limited to the intended purposes.

In case personal data had to be transferred from countries to the central Alcon Transparency data repository manually (e.g. excel) or via interfaces, applicable local regulations for the transfer were assessed at local level and managed accordingly. Where required, the transfer of data to a third country (outside the EU/EEA) was approved by the data controller’s country data protection authority (e.g. Information Commissioner).

6.2 Consent Collection

Consent for the publication of the ToVs was obtained and documented before disclosing the data on an individual HCP level where applicable. Consent management procedures were conducted in alignment with the Data Protection Act 1998.

Consent was obtained on Recipient level for all ToVs during a given period of time not shorter than one full year. Alcon does not accept partial consent or split disclosure.

In case consent was either not given by the Recipient or not documented sufficiently to prove the existence of consent, ToVs are disclosed on the aggregate level only.

An HCP has a right to withdraw consent to disclosure. Withdrawal of consent will have retroactive effect on past events and consultancies provided Alcon has not already had to report the data to the ABPI to meet the annual disclosure requirement. If the latter is the case, then the withdrawal of consent would only be effective for the future.

7. Financial Aspects

This chapter focuses on the financial aspects related to recognition methodology and business decisions associated with the collection and disclosure of the ToVs information.

Alcon complies with the accounting principles and the financial disclosure methodology referred to in clause 24.10 of the 2016 UK ABPI Code.

Alcon decided to apply the following rules for ToVs payment dates based on type of ToVs: Direct ToVs are disclosed based on the date the payment has been cleared via the banking system. Indirect ToVs related to events such as congresses for which the dates of in kind expenses differ from the date(s) the event took place are disclosed linked to the last day of the event.

Alcon discloses ToVs net amount only. If VAT cannot accurately be excluded, the full ToV amount is disclosed. Where income tax or equivalent is withheld by Alcon on monies earned by the HCP then the ToV will include these amounts.

Currency treatment – foreign currency ToVs will be converted using normal exchange rates in agreement with the accounting policy of Alcon. ToVs will be disclosed in the local currency of the country where the disclosing entity is located. For direct and indirect TOVs, the foreign currency is converted to the local currency of the disclosing entity based on the transaction date. For cross-border TOVs, the foreign currency is converted to the local currency of the disclosing entity based on the average rate for the month in which the TOV occurred, using the Alcon Treasury rates.

The responsibility for disclosing and reporting ToVs is with the disclosing country where the Recipient's principal practice is located. In the case of payments made by Alcon to an HCP or HCO, and then cross-charged to another Alcon company, or made by another Alcon company to an HCP or HCO and then cross-charged to Alcon, the ToV information

is provided by the original paying country to the disclosing country. The ToV will only be recognised once in the country where the Recipient's principal practice is located.

In case of cross-border ToVs, where payments are made by Alcon to an HCP/HCO with a principal practice located in a different country than Alcon, or by a Alcon affiliate to an HCP/HCO with a principal practice located in the UK, direct ToVs will be recognised when the payment has been cleared via the banking system and indirect ToVs will be related to the end date of the event. This information will not be available to the disclosing country immediately and so there may be cut-off recognition issues over year end. If ToV information is not provided to Alcon with adequate time to be included for disclosure in the expected reporting year, it will be disclosed in the immediate following year.

Treatment of multi-year contracts – ToVs are recognised, as for direct payments, based on the date the payment has been cleared via the banking system. If, for example, the HCP/HCO has entered into a contract with a term of three years and receives equal annual payments, these ToVs of an amount of one third of the total contract value would be disclosed each year in the appropriate category.

8. Published Data

Alcon applies the EFPIA definition of "Form of Disclosure" as outlined in EFPIA Disclosure Code Article 2 - included in clause 24 of the 2016 UK ABPI Code.

This 2017 Alcon EFPIA/ABPI Disclosure Report will be submitted to the UK ABPI disclosure database by the end of March 2017. It will be published by the ABPI at the beginning of July 2017.

Disclosures are made on an annual basis within 6 months after the end of the relevant full calendar year.

Updates are conducted on an annual basis and as often as is required to ensure the data is correct, including processing queries from HCPs, to allow for reflection of data updates or consent withdrawal after disclosure submission.

Publication is made via the UK ABPI central platform.

The platform chosen fulfills the recommendation of the EFPIA Disclosure Code as being a platform accessible in the country where the recipient has the primary practice and following the local laws and regulations of the country where the recipient has their practice. All EFPIA/ABPI Disclosure Reports published by Alcon and any other Alcon affiliate in the UK are published on the ABPI central platform.

This data will remain published for 3 years in the public domain and stored for a minimum of 5 years on record by Alcon.

9. References

This chapter contains references to internal and external sources for further reading and documentation purpose.

- Alcon website: uk.alcon.com
- ABPI website: abpi.org.uk

10. Acronyms and Abbreviations

This chapter includes a list of acronyms, abbreviations and definitions for documentation purposes, based on schedule 1 of the EFPIA Disclosure Code whenever possible:

- **Healthcare Professional (“HCP”)**: Any person that is a member of the medical, dental, pharmacy or nursing professions or any other person who, in the course of his or her professional activities, may prescribe, purchase, supply, recommend or administer a medicinal product and whose primary practice, principal professional address or place of incorporation is in Europe. For the avoidance of doubt, the definition of HCP includes: (i) any official or employee of a government agency or other organisation (whether in the public or private sector) that may prescribe, purchase, supply or administer medicinal products and (ii) any employee of a Member Company whose primary occupation is that of a practising HCP, but excludes all other employees of a Member Company and a wholesaler or distributor of medicinal products.
- **Healthcare Organisation (“HCO”)**: Any legal person (i) that is a healthcare, medical or scientific association or organisation (irrespective of the legal or organisational form) such as a hospital, clinic, foundation, university or other teaching institution or learned society (except for patient organisations within the scope of the EFPIA PO Code) whose business address, place of incorporation or primary place of operation is in Europe or (ii) through which one or more HCPs provide services.
- **Member Associations**: Collectively, the national Member Associations or their constituent members, as the context may require, and bound by the EFPIA codes of practice, including the EFPIA HCP Code, the EFPIA Patient Organisation Code and the EFPIA HCP/HCO Disclosure Code.
- **Member Companies**: Collectively, “corporate members” (as defined in the HCP Code) of EFPIA, their respective parent companies, if different, subsidiary companies (irrespective of whether a subsidiary is a company or such other form of enterprise or organisation) and any companies affiliated with corporate members or their subsidiaries. Separate entities belonging to the same multinational company – which could be the parent company (e.g. the headquarters, principal office, or controlling company of a commercial enterprise), subsidiary company or any other form of enterprise or organisation – shall be deemed to constitute a single company, and is as such committed to compliance with the EFPIA Codes.

- **Recipient:** Any HCP or HCO as applicable, in each case, whose primary practice, principal professional address or place of incorporation is in a country whose association is a member of EFPIA.
- **Research and Development ToVs:** ToVs to HCPs or HCOs related to the planning or conduct of (i) non-clinical studies (as defined in OECD Principles on Good Laboratory Practice); (ii) clinical trials (as defined in Directive 2001/20/EC); or (iii) non-interventional studies that are prospective in nature and that involve the collection of patient data from or on behalf of individual, or groups of, HCPs specifically for the study (Section 15.01 of the HCP Code).
- **Transfers of Value (“ToVs”):** Direct and indirect transfers of value, whether payments, in kind or otherwise, made, whether for promotional purposes or otherwise, in connection with the development and sale of prescription-only Medicinal Products exclusively for human use. Direct transfers of value are those made directly by a Member Company for the benefit of a Recipient. Indirect transfers of value are those made on behalf of a Member Company for the benefit of a Recipient, or transfers of value made through an intermediate and where the Member Company knows or can identify the HCP/HCO that benefits from the Transfer of Value.