Medicinal chemistry and industrials

1920 - 1996

Diversified healthcare group

1996 - 2009

Portfolio transformation

2009 - 2017

Focused medicines company powered by data / digital

2018+
Novartis outlined a clear strategy to achieve focus and drive growth

1. Focus the company
   1. Exit OTC JV ✓
   2. Spin Alcon ✓
   3. Transform Sandoz
   4. Strengthen Integrate Medicine

2. Pursue 5 priorities to drive growth
   1. Culture Transformation
   2. Breakthrough Innovation
   3. Operational Execution
   4. Data / Digital Leadership
   5. Trust & Reputation
It is our people that unleash the power of Novartis

**Inspired employees are 2+x more productive than merely satisfied ones**¹

Productivity output by engagement level

<table>
<thead>
<tr>
<th>Dissatisfied</th>
<th>Satisfied</th>
<th>Engaged</th>
<th>Inspired</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>100%</td>
<td>144%</td>
<td>225%</td>
</tr>
</tbody>
</table>

**High performers up to ~8x more productive than average ones**²

Productivity gap by job complexity

<table>
<thead>
<tr>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Very high</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>85%</td>
<td>125%</td>
<td>800%</td>
</tr>
</tbody>
</table>

¹ Bain & Company and EIU research 2015  
² Productivity gap between high vs. average performers by job complexity level, McKinsey Nov 2017
Culture:
How we do things around here. The behavior we encourage, tolerate and don’t accept
Inspired
Curious
Unbossed
We empower our People and the Business

HR customers

Our people

People & Culture

• Build an Inspired, Curious and Unbossed Culture
• People Strategy: a single Novartis Employee Experience differentiated by My Impact, My Growth, My Leadership, enabled by easy People Solutions

The Business

Organization & Talent

• Ensure the right Organization and Capabilities
• Match Talent to Value
Making it happen: Roadmap to transforming our culture

Know
I understand our culture aspiration and am inspired to take action

Apply
I apply this in my day-to-day activity

Experience
My environment enables me to do my best work

Sustain
Be best self, every day, everywhere
2019 actions to ignite cultural transformation

**Know**

**Engage Associates**
Create awareness & galvanize local change
- Engagement campaign with 4 quarterly Chapters, launched with global tent pole event
- Country culture catalyst community to drive local change and provide bottom up feedback

**Apply**

**Develop Leaders**
Build Leadership Capabilities to support the culture change
- Unboss Leadership Experience (ULE), ECN + 300 NTL execs
- Leadership Perspectives 360
- Team Perspectives

**Apply**

**Activate Teams**
Equip teams with a culture toolkit to ignite change
- Provide a module based toolkit that can be customized based on the development needs of the team

**Experience**

**Improve Experiences**
Increase energy & ease of working
- Reimagine performance management
- Simplify and empower our people processes

**Sustain**

**Energized for Life**
Build Capabilities to sustain your own energy
- Sustained High Impact (Tignum, QOT app)
- Flexibility
- Well-being (e.g. Ensemble – caring for colleagues)
- Workspace
- Mindfulness
Our People Strategy focuses on Employee Experience through “Moments that Matter”

“I want to leave my legacy at Novartis and continue to feel part of the Novartis extended family.”

“I have the right tools and technology, wherever I work and I can do my work flexibly.”

“I have a private life outside work with personal demands that are recognized by Novartis.”

“I feel appreciated and rewarded fairly with pay and benefits that matter to me.”

“In line with market/industry practice and good standards

Competitively differentiated (next 3 years)

1 On team, business and society
Thank you!
Energized for Life
A key driver of the Novartis people and benefits strategy

Nina Latham, Global Head Health & EfL Council Lead
May 2019
Energized for Life framework

Flexibility

Where-When-How
- Novartis Commitment
- Global flexibility guidelines
- Repository of flexibility practices
- Flexibility toolkit

Work-space
- Activity-based working design and implementation planned in many countries, >10,000 associates initially
- Further leverage multi-space design to foster flexibility and agility

Well-being
- Mental and emotional Well-being
- Digital Platform
- Programs for social well-being (e.g. financial well-being)

Sustainable High Impact
- Tignum Premier and Booster program
- Activators – associates/supporters that ensure sustainability
- QOT (Quality of Time) app

Energized for Life ignites everyone @Novartis to be their best self every day & everywhere

Note: Models, offerings & activities may vary per country and/or site
What does success look like?

**Associates**
- Feel **ignited** to take action and leverage available resources & options
- Make the **right choices** to manage energy
- Have the **courage** to voice their needs based on diverse life priorities
- Able to be their **best selves**, every day, everywhere

**Leaders**
- **Recognize** unique potential of every individual
- **Encourage** associates to be their best
- Value **outcome-based performance**, no matter when, where and how associates work
- **Hire** with new mindset
- Recognized as **role models**

**Enterprise**
- More inspired, curious and “unbossed” **culture**
- Sustainable high **performance**
- Attracting and retaining the best **talent**
Flexibility

When, where and how I work

Flexibility is about empowering our associates to define when, where and how they work to achieve their personal and professional goals.

Flexibility is a key talent attraction and retention lever to motivate and engage a diverse workforce.
Engaging work-spaces foster transformation and growth

We are creating a work environment that is designed to be inspiring, support well-being and efficiency.

A more mindful approach to work can lead to more energy balance for each individual.
Sustainable High Impact

Digital impact coach (mobile application) with support materials

Maximize your impact.

At work and away from work.

Today and tomorrow.
Well-being promotes all aspects of associates’ well-being, namely physical, mental and social.

It encompasses a wide range of activities – some of them well established and others brand new.
Mindfulness as essential lever

Our aspiration is enabled by unbossed leaders who are self-aware, who serve and inspire.

Our aspiration is for everybody at Novartis to be inspired, curious and unbossed.

Mindfulness is an essential lever to shift from a culture of control to a culture of trust and collaboration.
Global framework, local implementation

EfL implementation principles:

- One holistic approach for the entire company aligned with culture transformation
- Customized by local teams to local circumstances and needs
- Lead by Local Country Coordinators, monthly exchange worldwide
- Building on existing programs and bringing them to the next level of impact (across divisions)
- Implemented at different stages according to needs (launches will be gradual)
Mexico: Spark Spot a space for play and inspiration

- While routine daily work puts us on a downward spiral, our ability to be *playful*, *mindful* and *curious* allows us to adopt a more creative, problem-solving mindset.
- That is why in Spark Spot you will find a space for play and inspiration.
- Give your mind a spark to tackle your objectives.

CREATE!  
RELAX & SHARE!  
PLAY!
Brazil: New Energized for Life space

Vas launched the new space focused on mindset and recovery. The space has one power nap cabin, 3 massage chair and a brand new mindfulness/meditation room.
Turkey: Culture Awards
7 external recognitions

➢ #2
➢ GPTW awards for 3 consecutive years
➢ «Work Life Integration» special award for 2 consecutive years

➢ Aon Best Employer among 350+ companies cross industry
➢ 5’th time since 2011 and consecutively last 3 years
➢ «Continuous Excellence» special award

➢ Top Employer Turkey
➢ Top Employer Europe

➢ Most Respected Pharma Company
➢ Won 5 years consecutively
Thank you!