



People & Organization Commitment Statement

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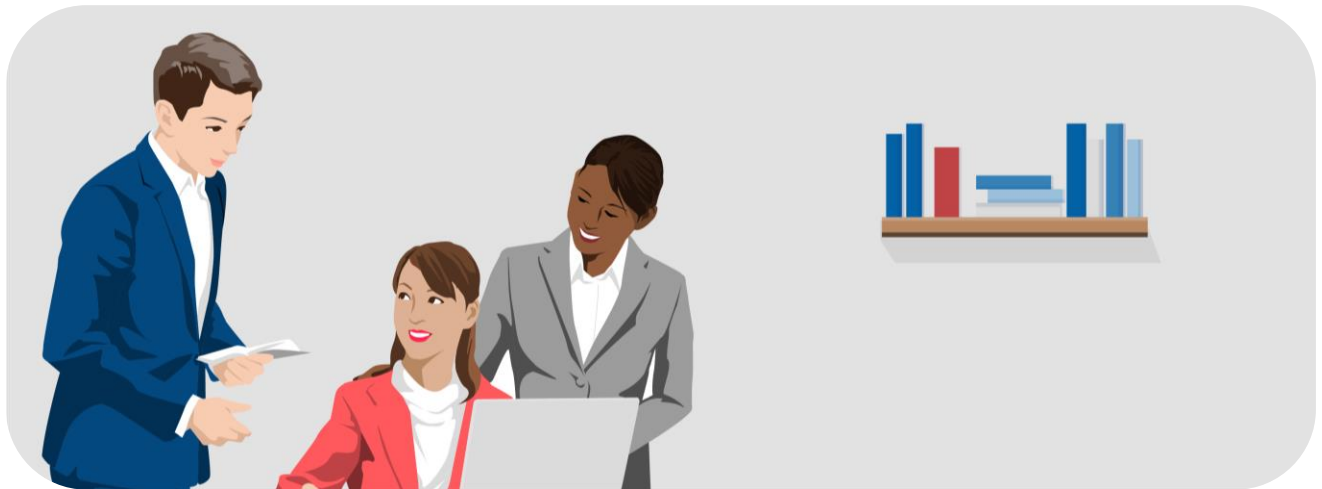
1 Introduction

This commitment statement covers all public commitments related to our people and organization in one place ensuring transparency for our external stakeholders and internal employees. It builds on the Novartis Code of Ethics, demonstrating our dedication to our workforce and supporting Novartis' mission and values. By prioritizing these commitments, we enhance our resilience, improve our ability to attract and retain talent, and ensure that no one is left behind.

Our commitments apply to all employees with an employment contract or written employment agreement directly with an employing Novartis company and are adapted according to applicable local laws and regulations to comply with national law (the law of the country where the employee is employed and works for Novartis).

- Where national law and international labor rights standards differ, we strive to meet the higher standard.¹
- Where national law and international labor rights standards conflict, we comply with national law and strive to uphold the commitment underpinning the international labor rights standard without infringing upon the applicable national law.²

This commitment statement is consistent with and fully supports our Human Rights Commitment Statement where it relates to labor rights within our own internal workforce.



1. For example, we commit to pay our employees a living wage where national minimum wage rates are below what is required to provide an adequate standard of living for our employees and their dependents.

2. For example, in markets where national law prohibits independent trade unions, we will seek to facilitate other forms of independent worker representation.

2 Our People & Organization Commitments

2.1 Equal Pay International Coalition (EPIC)

In 2018, we made a **public pledge with the United Nations' Equal Pay International Coalition** to help close the overall gender pay gap.

To sustain our progress, we renewed our EPIC pledge in 2023 to maintain gender balance in management and review our human resources practices beyond base pay to eliminate any further potential sources of bias from the system; and to make the requirements of the new EU Pay Transparency Directive our global minimum standard for internal pay equity and pay transparency reporting.

We are committed to diversity and are proud of the progress we have made. We ensure that each employment decision is based on job-related factors, including the qualifications, skills and experience of candidates for each role, without regard to any personal characteristics unrelated to the job requirements.

We strive to ensure equity and inclusion for all employees in our organization.

EPIC Commitment (2018):

- Monitoring pay equity with global consistency;
- Removing the use of historical salary comparisons from our internal and external job offer process to remove possible bias;
- Creating pay transparency (with internal/external benchmarks); and
- Achieving gender balance in management.

Renewed EPIC Pledge (2023):

- Maintaining gender-balanced representation in management;
- Reviewing our human resources practices beyond base pay to eliminate any further potential sources of bias from the system; and
- Making the requirements of the new EU Pay Transparency Directive our global minimum standard for internal pay equity and pay transparency reporting.

Sponsoring Organization: International Labour Organisation (ILO), United Nation (UN) Women, and the Organisation for Economic Co-operation and Development (OECD)

2.2 Women's Empowerment Principles (WEP)

The Seven WEP principles are the result of collaboration between the United Nations Global Impact (UNGC) and UN Women and are adapted from the Calvert Women's Principles. We commit to upholding these principles:

1. Establish high-level corporate leadership for gender equality
2. Treat all women and men fairly at work - respect and support human rights and non-discrimination
3. Ensure the health, safety and well-being of all women and men workers
4. Promote education, training and professional development for women
5. Implement enterprise development, supply chain and marketing practices that empower women
6. Promote equality through community initiatives and advocacy
7. Measure and publicly report on progress to achieve gender equality

Sponsoring Organization: Signatory to the Women's Empowerment Principles launched by the United Nations Global Impact and the UN Development Fund for Women (UNIFEM)

2.3 A Living Wage

We seek to pay fair wages meeting or exceeding the amount for basic living needs in line with the UN Global Compact commitment.

In 2000, we were one of the first international companies to implement a commitment to pay a living wage to all our employees. "A Living Wage" is a Novartis initiative and commitment to employees, which usually is above minimum wage requirements. Living Wages are updated annually adjusting for changes in inflation, food prices, and other market conditions. Living Wages focus on meeting basic living needs for employees and their families, where legal minimum wages tend to focus on poverty levels for individuals.

Each year, we review salaries for all employees and adjust salaries that fall below the living wage level. The scope of the living wage review is inclusive of all countries where we have our own employees.

Sponsoring Organization: The 'living wage' principle in the United Nation's Universal Declaration on Human Rights

2.4 Valuable 500

At Novartis, we're committed to ensuring equity and inclusion for people with disabilities. Our OneNovartis Disability Equity Strategy, a global, multi-year approach, has been co-created with our employees with disabilities and our Disability Employee Resource Groups as well as external partners including the ILO-Global Business Disability Network and the Center for Disability Integration at the University of St Gallen.

Concretely, we commit to:

- **Inform:** Ensure we remain an accountable, disability-aware organization using data to inform our strategy.
- **Involve:** Increase physical & electronic accessibility, ensuring that people with disabilities are involved in policy and standard development.
- **Include:** Ensure equal development & promotion opportunities for our people with disabilities, whilst driving impact for people with disabilities in society.

Sponsoring Organization: Valuable 500

2.5 United Nations Standards of Conduct for Business, Tackling Discrimination against LGBTI+ people

The Office of the United Nations High Commissioner for Human Rights (OHCHR) publication "Standards of Conduct for Tackling Discrimination against Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTI+) people" which launched in September 2017 provides five concrete standards that companies can take to align their policies and practices on human rights of LGBTI+ people:

1. Respect the human rights of their LGBTI+ workers, customers and members of the public
2. Eliminate workplace discrimination against LGBTI+ employees
3. Support LGBTI+ staff at work
4. Prevent discrimination and related abuses against LGBTI+ customers, suppliers and distributors – and insist that business partners do the same
5. Stand up for the human rights of LGBTI+ people in the communities where they do business

In 2018 we became the first global pharmaceutical company to pledge support for the United Nations Standards of Conduct for Business, tackling discrimination against LGBTQI+ people.

As part of our commitment to stand up for LGBTQI+ human rights and ensure we have an inclusive workplace that supports our LGBTQI+ employees, we are:

- Participating in the Stonewall Global Workplace Equality Index to identify actions to address any potential barriers;
- Raising awareness and understanding about LGBTQI+ equity and inclusion within the company and creating a network of LGBTQI+ ambassadors through a dedicated program;
- Demonstrating active support to the LGBTQI+ community through policy changes, inclusion learning offerings and open dialogue;
- Connecting and extending our LGBTQI+ community through Employee Resource Groups that are inclusive of allies and parents, with presence in countries and locations where it makes an impact.

Sponsoring Organization: UN Human Rights Office of the High Commissioner Standards of Conduct for Business on Tackling Discrimination against LGBTI+ people



3 Priority Areas

We have identified the following critical areas that significantly impact our public commitments. These areas are essential because they directly influence our ability to deliver on our promises, attract, retain, and develop talent, and ultimately affect our overall performance and long-term value creation.

3.1 Cultivating Our Company Culture

At Novartis, we want to reimagine medicine to improve and extend people's lives, and this purpose drives everything we do. We strive to cultivate a company culture where our people are inspired by our purpose, curious about new ideas for better patient outcomes, empowered to be their best, accountable (unbossed) to deliver our strategy, and committed to operating with integrity to build trust with society. Our leaders are also held accountable for leading and developing people, helping their teams navigate complexity and delivering collective impact. By focusing on what matters most to our people, we aim to optimize everyone's experience at Novartis, ensuring they receive the support and opportunities to grow and contribute, no matter where they are in the organization.

3.2 Ensuring the Right to Fair Treatment and Respect

We are committed to fair treatment and respect for every employee through the following labor rights practices:

Fair and Consistent Hiring Decisions:

- We aim to be the employer of choice for the best-qualified talent, ensuring a positive hiring experience.
- We make fair and consistent hiring decisions to support sustainable business growth, assessing applicants' suitability with integrity and in accordance with local laws. Our talent acquisition & staffing partners use Behavioral Based Interviewing techniques.

Freely Chosen Employment:

- We protect our employees from unfair or unethical working conditions, including bonded, forced or child labor, modern slavery, human trafficking, or any unsafe working conditions.
- Employees are free to leave their jobs after any required notice periods and are paid on time and in full. They are not required to relinquish original identity papers or academic certificates unless required by local law, and they always have access to their papers. Employees can freely come and go from the site or accommodations without being controlled by security guards.

No Child Labor and Protection for Young Employees:

- We do not use child labor. Consistent with ILO Convention 138, child labor is defined as work conducted by anyone below the legal minimum working age or the age of legal compulsory education.

- Persons under 18 do not perform hazardous work or night shifts, and comply with local laws regarding education, training, health checks, and working hours.
- If children are found working, we will remove them from the workplace and implement a suitable plan to support their welfare, such as covering the cost of education or training.
- Formal apprenticeships of persons below the legal working age or age of completion of compulsory education, involving a legally authorized program of education and on-the-job training, are not considered child labor.

Fair Treatment:

- We respect every employee's right to freedom of opinion, expression, and speech, consistent with our policies.
- We value an open and fair workplace where everyone feels comfortable expressing opinions and contributing ideas. We communicate transparently and provide systems for direct communication.
- We foster open communication between managers and employees, offering opportunities for individual and group meetings and access to relevant information through intranet platforms.

Non-Discrimination, Non-Harassment and Civility:

- We value diversity and individuality and do not tolerate discrimination, harassment, bullying and incivility.
- Employment decisions are based on job-related factors, including the qualifications, skills and experience of candidates for each role, without regard to any personal characteristics unrelated to the job requirements.
- Physical security searches are only carried out by authorized bodies according to local legal standards and by same-sex security guards.
- We maintain a strict non-retaliation policy, prohibiting any form of retaliation for reporting discrimination or harassment, participating in investigations, or filing administrative claims.

Flexibility in Working Arrangements:

- We encourage employees to balance their work and personal lives, contributing to long-term performance and productivity.
- We provide opportunities for flexible working arrangements and encourage employees to request changes as needed.

Freedom of Association and Collective Bargaining:

- We uphold the right of employees to freedom of association and encourage open communication and direct engagement to resolve workplace and compensation issues.
- Employees shall be able to communicate openly with management regarding working conditions without threat intimidation or threat of retaliation.

- We are committed to constructive dialogue with workforce representatives and the involvement of works councils or trade unions according to local laws, respecting employees' rights to form or join labor unions, workers' councils or other forms of worker representation without fear of reprisal or discrimination.
- Where local laws restrict independent trade unions, employees can form worker committees or other organizations for the representation of employees which are not prohibited under local law, if they so choose.
- Employees have the right to bargain collectively and understand how to raise issues. Where collective agreements are in place, they are communicated to all employees in a language they can understand.
- To respect trade union and worker representation rights, worker representatives, where applicable, are granted reasonable time and access to facilities and communication tools to carry out their role, in accordance with local laws.

3.3 Guaranteeing the Right to Fair and Competitive Wages

We compensate our employees based on principles designed to help us to attract outstanding talent, rewarding them for their success in implementing the company strategy. Our principles are:

- **Competitive compensation:** We believe our compensation should reflect the value of our talent.
- **Business ethics:** We treat all employees fairly, in line with our EPIC pledge for pay equity, transparency, gender balance and removing historical salary bias.
- **Shareholder alignment:** We align personal contributions with the creation of shareholder value through our equity plans.
- **Pay for performance:** We deliver market competitive compensation with the opportunity to receive enhanced incentive payouts for exceptional performance.
- **Balanced rewards:** We aim to provide a balance of fixed pay and short-term and long-term incentives, including best in class global and local benefits.

By embedding our values and Behaviors in Action into our Short-Term Incentive schemes, we also foster personal accountability and underline the importance of competence and integrity as drivers of sustainable business success. Our Field Force Incentive scheme also encourages and rewards strong sales performance that embodies the right values and behaviors, in line with our policies and Code of Ethics.

Our leader's incentives are significantly weighted toward long-term performance equity-based plans, which are calibrated to promote the creation of shareholder value. Targets are a mix of financial metrics, strategic objectives, and performance versus our competitors and are underpinned by our Values, Behaviors in Action, and Leadership Expectations.

An integral part of employees' total remuneration package is the range of benefits we offer, according to local business and legal environments.

We pay all our employees a “living wage” which meets or exceeds the basic living costs of employees and their dependents and monitor these wage levels on a regular basis. Wages below these standards are adjusted as necessary.

More specifically:

- **Wages:** Employees are not permitted to do unpaid work for Novartis. Employees’ monthly pay, or piece rate, is paid regularly and in full, in accordance with local laws.
- **Overtime Pay:** Where applicable, overtime shall be compensated at a premium rate, in accordance with national and local laws or collective agreements, whichever is legally applicable, and at a minimum 1.25x the hourly rate in accordance with international standards.
- **Benefits and Bonuses:** All legally required benefits and bonuses are paid to employees on time.
- **Standard Working Hours:** Standard working hours shall not exceed those stipulated under legally applicable working conditions and international labor standards.
- **Overtime Hours:** Overtime hours shall not exceed the limits established in national or local laws or under collective agreements, whichever is legally applicable. Where these do not exist, overtime hours shall be limited to the degree necessary to ensure the health and safety of employees.
- **Time-off and Breaks:** Employees are given time-off and breaks in accordance with local laws.
- **Leave:** Employees are provided with paid holidays, sick leave and other leave entitlements which is at a minimum in accordance with national and local legal requirements, or higher. Paid sick leave is to be provided separate from vacation days or other holidays. Paid public holidays shall be in accordance with national and local laws.
- **Parental Leave:** Employees, with a permanent employment contract or written agreement directly with Novartis, regardless of gender, who become parents through birth, adoption or surrogacy, are entitled to a minimum of 14 weeks of paid parental leave. (The total paid leave offered may vary by country but will be 14 weeks at a minimum).

3.4 Valuing the Diversity, Equity, and Inclusion of our People

To fulfill our purpose, we are committed to maintain a workforce composition that reflects the communities we serve. Our goal is to create a work environment where everyone can contribute and thrive, where difference is celebrated and encouraged.

Different perspectives and inclusive behaviors help us generate new ideas, drive innovation, understand our stakeholders and be closer to our patients.

Our commitments to Diversity, Equity and Inclusion are embedded in our Code of Ethics:

1. We will create a diverse, equitable and inclusive environment that treats all employees with dignity and respect. We are committed to achieving gender, LGBTQI+, disability and race/ethnic minority equity across and at every level of the organization. For instance, through our membership in the Equal Pay International Coalition, we have achieved gender

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balance in management and implemented principles and processes that ensure pay equity and transparency for all our employees across all our countries of operation. We were also the first global pharmaceutical company to support the United Nations Standards of Conduct for Business, tackling discrimination against LGBTQI+ people.

2. We educate our people on inclusivity and provide all employees with equal opportunities to contribute to our company and advance their careers. We have introduced DEI training for all our employees, as well as training for our talent acquisition partners and hiring managers to eliminate unconscious bias. And we support and encourage our Employee Resource Groups (ERGs), which link employees with shared backgrounds, interests and perspectives and make the unique aspects of diversity, equity and inclusion more tangible to everyone.
3. Employment decisions are based on job-related factors, including the qualifications, skills and experience of candidates for each role, without regard to any personal characteristics unrelated to job requirements. As a global employer, we comply with all the national and local laws of each of the countries within which we operate.
4. We listen to different communities with a learning mindset, to do what we can to contribute to building a world that is safer and more inclusive. Consistent with the expectations and requirements of health authorities, we are committed to increasing patient diversity within our clinical research and development programs and are working to raise the level of education about and enrollment in clinical trials for communities whose populations are underrepresented in research.

3.5 Caring for the Mental Health and Wellbeing of our People

The mental health and wellbeing of our people is vitally important. It is a natural extension of our company's purpose to discover new ways to improve and extend people's lives. Therefore, safe workplace conditions are a priority for us and are constantly monitored through established systems and reporting.

Wellbeing at Novartis has evolved significantly over the years, from an initial focus on health promotion initiatives to where we have grown our focus to systematically reducing mental health risks (psychosocial risks) across the organization.

At Novartis we have adopted a Wellbeing framework that follows duties of employers per the World Health Organization (WHO) and ILO recommendations in 2022:

- **Reduce:** Exposure to mental health risks for our people through education and integration of wellbeing into our policies and processes.
- **Promote:** Awareness of mental health and wellbeing at work and strengthen skills and capabilities at an individual and organization level.
- **Support:** Our people participate in and have the support to thrive at work no matter where they sit on the mental health continuum.

Our objective is that our people have the confidence to talk openly about mental health, recognize the signs that they or someone they know may need support, and know where to find that support and ignite the discussion to de-stigmatize mental health.

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To advance this objective, we run global and local awareness campaigns throughout the year, e.g. Mental Health and Wellbeing Month at Novartis in October. We provide our employees with global tools and resources to support and enhance their mental health and wellbeing, with additional support customized at a country level based on local needs and context (e.g. Employee Assistance Program, Employee Resource Groups and Mental Health First Aiders).

We acknowledge the important role our line managers contribute to mental health in the workplace. Given this, we have integrated wellbeing into key people processes such as performance management where our employees and managers check-in via a 'Wellbeing Check-in'. Our team effectiveness interventions explicitly guide our teams in creating a 'Team Wellbeing Charter' where they focus on areas to improve their team's wellbeing.

Wellbeing is part of the curriculum in our Leadership Development programs for front-line managers and senior leaders across the organization. In addition, we provide a specific e-learning for managers which focuses on their role and expectations to support the mental health and wellbeing of their team. We recognize that good working conditions can help to prevent mental ill-health and support those with existing conditions to progress and thrive at work. Our People & Organization Commitments and Priority Areas outlined in this document are interconnected and critical to enhancing the mental health and wellbeing of our people – including Our Company Culture, Diversity Equity and Inclusion, Fair Treatment and Respect, Fair and Competitive Wages, Learning and Development. Each People & Organization Commitment and Priority Area advances wellbeing in all its holistic elements – physical, mental, emotional, social, financial.

Alongside our People & Organization function's focus on mental health and wellbeing, our Global Health, Safety, and Environment (HSE) function ensures a healthy, safe and environmentally friendly workplace for everyone.

3.6 Fostering Learning and Development

We understand that preparing for the future requires a skilled workforce. That's why we invest in our people, empowering them to grow their careers.

We offer training for current and future skills, including business-critical, personal, and professional development. Our employees can use internal Artificial Intelligence (AI) based platforms to manage their learning, find new roles, and gain experience through new projects. By prioritizing employee development, we retain talent, foster innovation, and maintain a competitive edge.

All permanent employees are assessed annually. Our performance management approach includes frequent check-ins between managers and employees on goals, career development, feedback, and wellbeing. This ensures teams focus on creating the greatest impact both now and in the future. Our process promotes agility and accountability, emphasizing focus, collaboration, and development, and ensures timely recognition so our people are celebrated for their achievements.

4 Governance and Delivery Mechanisms

Our governance, delivery and feedback mechanisms are essential to ensure that these commitments are effectively implemented and monitored. These ensure that we set clear goals, monitor progress, and ensure transparency in reporting.

4.1 Governance

This commitment statement was approved by our People & Organization Leadership Team, led by the Chief People & Organization Officer, and endorsed by the Novartis Process & Policy Board.

Overall accountability for implementation of our People & Organization Commitments is with the Chief People & Organization Officer, who is a member of the Novartis Executive Committee. A dedicated Strategy Portfolio and Governance team within the People & Organization function is responsible for activating the implementation and works closely with functional experts across the company.

Policies and guidelines including those covering people & organization are approved by the Novartis Process & Policy Board, co-sponsored by the Chief Legal Officer and Chief Ethics Risk and Compliance Officer. Our commitments are global and apply throughout the organization.

Policies and guidelines are binding on all our employees, starting with our Code of Ethics. Using the People & Organization Commitment Statement as an overarching guide, we systematically identify and review policies and guidelines across our company, focusing on our people & organization priority areas, and update them to ensure alignment with our commitments.

Our key policy documents governing people & organization commitments include, but are not limited to:

- **Code of Ethics** which sets out our overall global policy-level commitment to conduct business in an ethical manner.
- **Non-Discrimination, Non-Harassment and Civility Policy** which supports our commitment to promote a diverse, equitable and inclusive work environment, where all employees are treated with respect and held accountable to live up to our Values and Behaviors. We are committed to creating a safe workplace where employees have equitable opportunities to succeed and an environment free from discrimination, harassment, and retaliation, as well as free from bullying and incivility.
- **Non-Retaliation Policy** which ensures speaking up is central to our values and those who raise concerns in good faith related to suspected or actual misconduct feel confident in doing so.
- **SpeakUp Policy** sets out the process to oversees complaints of misconduct by our employees, contractors/third-party employees or by external stakeholders, and related to Novartis business, as well as complaints of misconduct impacting our employees or contractors based upon actions by third parties, and anyone with whom our employees conduct business on behalf of Novartis.

- **Diversity, Equity, Inclusion & Culture (DEIC) Communities and Employee Resource Groups Guideline** describes the purpose of DEIC communities, outlines the principles of ERGs engagement, and defines the roles and responsibilities of various stakeholders and governance for DEIC. This DEIC Communities and ERGs Guideline is based on the Code of Ethics principles and commitments.

4.2 Delivery Mechanisms

We have delivery and feedback mechanisms in place to engage and listen to employees and to monitor our progress.

- **Targeted Training:** We create training materials for our People and Organization Function to understand specific commitments, approaches, and systems in their daily work.
- **Awareness Raising:** We aim to build a culture of inclusivity by promoting DEIC awareness through our internal DEIC Communities and ERGs. These include our ERGs focused on the mental health and wellbeing of our people.
- **Employee Engagement and Satisfaction Surveys:** At Novartis, every voice counts. Our quarterly Engagement Survey, “Our Voice”, allows employees to influence change at all levels. This survey assesses organizational health and enables us to understand how employees feel about the organization, guiding improvements for greater engagement and success. It provides a helpful read on critical opinions in Novartis, in all geographies, all units and at all levels. Participation is voluntary and all responses are strictly confidential.

An independent survey research firm manages the process and no one within Novartis sees any individual responses. Once the aggregate results are completed and shared with leaders, this feedback is used to enhance and/or make changes to targeted areas that employees feel will create a better environment or lead to greater success.

- **Escalation Process:** We foster a culture where employees feel comfortable speaking up. Concerns can be raised directly or through a formal resolution process. Disciplinary actions are based on unbiased evaluations, respecting legality, transparency, and proportionality. Employees are encouraged to report inappropriate treatment to the SpeakUp office or other channels.
- **Reporting:** We regularly report our performance through corporate reports and our corporate website.



5 Abbreviations

Abbreviations	Description
AI	Artificial Intelligence
DEIC	Diversity, Equity, Inclusion, Culture
EPIC	Equal Pay International Coalition
ERG	Employee Resource Groups
HSE	Health, Safety, and Environment
ILO	International Labour Organisation
LGBTQI+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Plus which includes other gender identities not specifically covered by the other letters
OHCHR	Office of the High Commissioner for Human Rights
UNGC	United Nations Global Compact
UNIFEM	United Nations Development Fund for Women
WEP	Women's Empowerment Principles
WHO	World Health Organization