Diversity & Inclusion: Our strategic priorities [1]
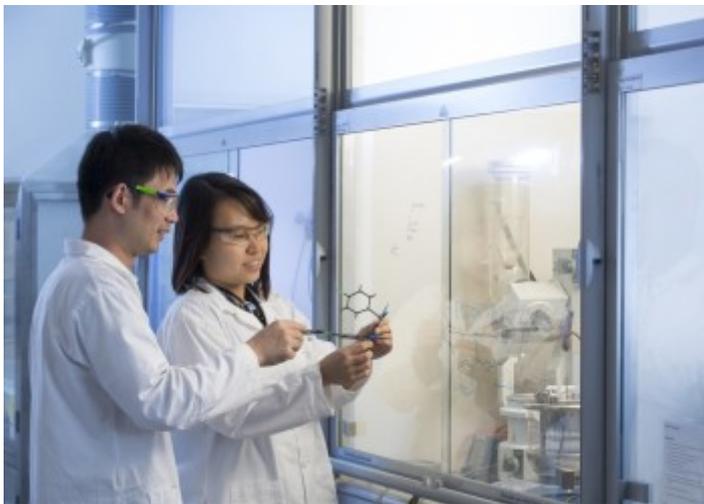
We work to bring our vision of re-imagining medicine to life through valuing the **diversity of people**, nurturing an **inclusive environment** and shaping positive **societal impact**.

We intend to achieve our strategy by focusing on six global initiatives:

1. Reaching gender balance in management

Our current global gender representation split in management is 43% women and 57% men. In accordance with our Equal Pay International Coalition (EPIC) [2] pledge, we have a vision to reach gender balance in management by 2023.

We have established a Novartis gender strategy and tools to help leadership teams across the organization monitor their gender representation in both external applicants and current management population. We have also put in place predictive people analytics tools to help us work toward our aspiration for gender balance.

2. Attracting and retaining diverse talent

As diversity has different meanings in different countries, we are surveying a few selected countries to understand how they define "diverse talent" in their specific settings and what their diversity priorities and needs are. We are starting with our largest countries of operation, i.e. the ones with the most employees. This complements our continued focus on finding the best talent from diverse backgrounds to support our mission to reimagine medicine.

We are investing in our existing diverse talent through mentoring and more time for career development conversations. We also foster a sense of belonging through providing opportunities to engage in our diverse Employee Resource Groups. Ultimately, we believe this will help increase attraction and retention of a diverse talent base that meets our business needs.

3. Fostering inclusive behavior

Inclusive leadership is a set of skills, knowledge and behaviors that create an environment where everyone feels heard, respected and valued. Personal biases and past experiences influence the way individuals perceive and interact with others in their professional and personal life. Inclusive leaders are self-aware and understand these influences; they cultivate curiosity and practice intentional behaviors to foster inclusion and belonging.

As part of our culture transformation at Novartis, we have developed learning modules to catalyze personal and team behavior change, including ones for inclusive leadership, active listening, and psychological safety. These modules contain resources, ranging from small

nudges to deep-dive exercises, to help leaders and teams reflect upon and discuss their own inclusive behaviors and areas for improvement, including how to be more inclusive in planning and decision-making.

4. Building internal communities

At Novartis, we understand and support the need for community and belonging. This is why we encourage our people to establish Employee Resources Groups (ERGs) which are voluntary networks linking employees who have shared interests, experiences, and perspectives. ERGs make the unique aspects of D&I more tangible to everyone and contribute to a culture of curiosity and empowerment.

By organizing activities and events, these groups aim to increase understanding and awareness around their specific topics of interest. Themes vary from women's and parents' groups, people with disabilities, ethnic and cultural affiliation groups to environmental sustainability, mindfulness, and many others. Currently, we have 49 active ERGs, most of them located in the US and in Switzerland, connecting thousands of employees around topics that matter to them.

As an example, the Basel-based Diversability Support Network is an ERG that focuses on "diversability", seeing the abilities of diverse people, not their disabilities. Many disabilities are not immediately visible, such as hearing loss, autoimmune diseases and neurological conditions. Some people are born with disabilities, and others become disabled, but all face unique challenges at work. ERGs can help with resources for managers and colleagues to understand the challenges those with disabilities face and how they can support a more inclusive workplace.

5. Promoting LGBTI equity

We want to create an inclusive workplace that supports the UN LGBTI Standards of Conduct [3].

Learn more [4]

6. Pay equity and transparency

At Novartis, we believe in equal pay for equal work. Pay equity is a fundamental principle of our employment policies and is reflected in our commitment to treating all employees fairly and respectfully, as outlined in our Code of Conduct. [5] Our commitment to pay equity and transparency led us to join the Equal Pay International Coalition (EPIC) in 2018. See the Novartis EPIC pledge [6]

We have established a multi-year program to implement global principles and processes for pay equity and transparency across all our countries of operation by 2023. Our key actions include: automation of job offers based on objective internal and external benchmarking data to remove possible bias, removal of historic salary data, annual pay equity analysis and adjustments, where appropriate, and transparent communication of individual pay position

compared to internal and/or external benchmark data.

An overall pay gap is often driven by unequal representation of one gender in traditionally higher paid skill sectors and/or senior leadership levels. By focusing on achieving gender balance in management by 2023, we aim to positively influence the overall gender pay gap.

The gender pay gap can also be influenced by the extended time off taken by women for maternity leave or childcare, which historically has lowered women's salary levels over time. This is why we have introduced in 2019 a new equal parental leave guideline [7] of minimum 14 weeks for all parents at Novartis worldwide. The implementation of this new global guideline started in July 2019, offering the same opportunity to both parents to take time off. We hope our new equal parental leave policy will have a broader social impact, by inspiring other employers to follow suit and enabling partners of Novartis employees, especially women, to have more flexibility with their own career and family choices.

Did you know?

- The gender pay gap refers to the difference in average earnings of men and women. Being an average, the gender pay gap only provides an overall picture of gender inequality in total pay for employment. It does not explain in itself why wage differences between men and women exist. Source: www.unice.org [8]
- A company might have a gender pay gap if a majority of men are in highly paid jobs, despite paying male and female employees the same amount for similar roles, i.e. work of equal value. Source: EPIC - EQUAL PAY INTERNATIONAL COALITION [9]
- The pay gap isn't the same as pay equity. Pay equity – i.e. men and women doing the same job should be paid the same – is a legal requirement in most countries. The Equal Remuneration Convention, 1951 (No. 100) [10] was the first international instrument on this issue.

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