

Materiality Assessment

Identifying and taking action on what matters most

We recognize that our activities – and the way we carry them out – have impacts that reach well beyond our financial performance. In order to remain successful in the long term, we need to engage in societal discourse and find ways to align our broader business performance and both our positive and negative societal impact with the expectations of our shareholders, our stakeholders and society at large. To achieve this, a thorough and deep understanding of the environmental, social and governance (ESG) topics that matter most to these groups is essential. Understanding their views on the social, economic, environmental (SEE) and governance topics affecting Novartis will enable us to better address their concerns, exchange constructively on dilemmas and, in the end, better manage our business.

To help define the most important ESG issues for Novartis, we conduct global materiality assessments every four years; with reviews every two years. Our materiality assessment helps us understand the issues that matter most to our internal and external stakeholders; how our economic, social and environmental impacts are perceived along our value chain; and how they translate today and in the future into associated risks and opportunities for our company. It enables us to capture our impacts in a non-financial manner, helps us prioritize impacts on which to focus, and informs our strategic thinking.

In 2021, we completed a materiality assessment and plan to publish detailed results in the first quarter of 2022. To enhance the value of the recent assessment, we have updated the methodology and significantly increased the number of stakeholders participating in the assessment. For example, all Novartis employees were given the opportunity to provide input regarding the materiality of certain topics; while previously only managers were surveyed. We have also implemented a double materiality approach that is unique from past assessments. With this concept, we are not only exploring the impact that Novartis has on stakeholders vis-à-vis social, environmental, or economic issues, but also the impact that external ESG trends and developments (such as climate change) have on the business of Novartis.

Internal and external stakeholders ranked eight important clusters that Novartis is impacting on an economic, societal, and environmental basis. The initial results further confirm results from previous years with the top 4 clusters being:

1. Patient Health and Safety;
2. Access to Healthcare;
3. Innovation; and
4. Ethical Business Practices.

These results along with additional findings will ultimately guide our Annual Strategy Review;

the Enterprise Risk Management process; country strategies via local materiality analyses; and our long-term strategies via scenario analyses.

In alignment with the global methodology, we also aim to facilitate country assessments. During the last materiality assessment cycle we completed assessments in Greece, Italy, Mexico, Portugal, sub-Saharan Africa (Angola, Ivory Coast, Kenya and Nigeria) and Turkey. Based on the materiality assessment 2021, we have currently ongoing or planned assessments in the United States, Brazil, Latin America & Canada, Malaysia and Philippines.

Learn more in our 2017 materiality assessment results report (PDF 0.9 MB)

Download our Materiality Assessment Toolkit here.



Materiality Assessments – Building Trust with systematic stakeholder engagement

[Video of Materiality Assessments – Building Trust with systematic stakeholder engagement](#)

[Materiality Assessments – Building Trust with systematic stakeholder engagement](#) ^[1]

[Materiality Assessment & Impact Valuation](#) ^[2]

Materiality webinar series

We aim to consistently engage with the ESG community on relevant topics. Every year, we conduct a series of webinars on key topics and share our progress and how Novartis is implementing the outcomes of our previous materiality assessments. Each webinar features internal and external speakers and attracts participants from industry, non-governmental organizations, access-related and sustainability groups and investors. Webinars can be accessed via the links below.

[What strategic value can materiality assessments deliver? \(August 2018\)](#) ^[3]

[Monetizing impact dimensions of material issue areas \(November 2018\)](#) ^[4]

[Evaluating social materiality by measuring outcomes \(March 2019\)](#) ^[5]

[Capturing intangible risks of global changes \(September 2019\)](#) ^[6]

[Materiality and Sustainable Development Goals \(December 2019\)](#) ^[7]

[Reimagine Access \(April 2020\)](#) ^[8]

[Rethinking Healthcare System Strengthening \(May 2020\)](#) ^[9]

[Embracing double materiality in responding to the COVID-19 pandemic \(June 2020\)](#) ^[10]

[Wealth and Health – Reframing Healthcare costs as economic investments \(July 2020\)](#) ^[11]

- [Download the slide deck \(PDF 5.5 MB\)](#) ^[12]

[Measuring and Evaluating Social Outcomes of Access Initiatives \(October 2020\)](#) ^[13]

- [Download the slide deck \(PDF 2.0 MB\)](#) ^[14]

[Dialogue matters – support us to spur positive impact - 2021 Materiality Assessment Kick-off Webinar \(February 2021\)](#) ^[15]

- [Download the slide deck \(PDF 3.3 MB\)](#) ^[16]

[Materiality and impact valuation as key enablers of corporate purpose \(June 2021\)](#) ^[17]

- [Download the slide deck \(PDF 2.7 MB\)](#) ^[18]

Publications and resources

- [Transforming Business Practices Through Impact Valuation](#) ^[19] (May 2020)
- [Materiality Assessment Toolkit](#) ^[20] (Feb 2020)
- [Using data to support the integration of corporate responsibility in strategy](#) ^[21] (May 2019)
- [Extending the Language of Business](#) ^[22] (May 2019)

[Setting priorities and taking action on what matters most.](#)

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Links

- [1] <https://www.novartis.com/novartis-video-ajax/144511>
- [2] <https://www.novartis.com/novartis-video-ajax/144516>
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- [17] <http://www.kaltura.com/tiny/pqbrn>
- [18] <https://www.novartis.com/sites/www.novartis.com/files/materiality-and-impact-valuation-as-key-enablers-of-corporate-purpose-june-2021.pdf>
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