

Global Parental Leave Guideline

Rewards

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Novartis Global P&O Guideline

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1 Introduction

1.1 Purpose

This guideline establishes that all Novartis associates, regardless of gender, who become parents through birth, adoption or surrogacy, will be 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. This guidance is being rolled out by country and the implementation dates are shown in this document.

1.2 Scope and Applicability

This guideline does not replace or change any local, legally-mandated or prescribed parental leave benefits, nor does it affect any related requirements concerning issues or subjects that are not expressly addressed in this guideline. Generally, associates are subject to local Novartis parental leave guidelines, and these will be adjusted as shown in the timelines below to ensure they reflect the minimum standards outlined in this global guideline.

2 General Principles

2.1 Eligibility

This benefit applies to all associates employed by a Novartis Group company on a permanent working contract. It is for parents with a legal relationship to the child and begins at the birth, surrogacy or adoption.

The benefit is being rolled out in three phases (implementation dates by phase and allocation of countries to phases are shown in section #3).

Associates are eligible for this benefit at the point of employment with the company. It applies to births, surrogacies and adoptions that occur after the implementation of this guideline in the country of the associate's employment. If employment with the company is terminated for any reason, the associate is no longer entitled to or eligible for this benefit.

Any births, surrogacies or adoptions that happen before an associate is employed by Novartis are not eligible.

The parental leave benefit applies to all parents equally, regardless of gender.

Although contractors and external service providers are not eligible for benefits under this guideline, local Novartis operations can inform their suppliers and vendors about this initiative and encourage them to adopt similar benefits for their own associates.

2.2 Duration and Level of Parental leave

Eligible parents will benefit from a minimum of 14 weeks of paid parental leave at 100% of their current base salary. If there is a difference between this minimum and what is offered in the associate's country of employment, the associate will be entitled to the higher amount.

If both parents are Novartis associates, they are both entitled to the equivalent amount of parental leave (less any paid parental leave already taken under an existing guideline). See *Examples 1 and 2 in the Appendix*.

Eligible associates are entitled to paid parental leave for each new child they have, without limit.

Multiple births (twins, triplets, etc.) or simultaneous adoptions qualify as one period of paid parental leave.

If a child is born prematurely (earlier than the normal 37 week gestation period), parental leave will be extended to cover the “prematurity period”. *See Example 3 in the Appendix.*

2.3 Taking Parental Leave

Associates can choose how they would like to take the paid parental leave.

It can be taken in either a single, continuous block, or in multiple shorter blocks of time over the course of the year of the birth, surrogacy or adoption of the child (subject to local legal and business continuity requirements).

Associates will plan the leave in advance with their managers (ideally, at least two months before) to facilitate business continuity.

Some countries may have specific guidance for notifying managers of the leave or how it can be taken, so make sure to check with your organization (subject to local law and in accordance with the spirit and intent of this guideline).

2.4 Short Term Incentive Treatment during Parental Leave

Any existing local policies regarding proration of Short Term Incentive (STI) calculations during a leave of absence will be maintained.

Any proration of STI or other applicable benefits for associates on paid parental leave will apply regardless of the parent’s gender.

2.5 Other information

The additional costs associated with this benefit will be allocated and budgeted locally at business unit/org level (Pharma, Oncology, Sandoz, CTS, NTO, etc.).

Learning modules will be offered to all associates taking paid parental leave, both before they leave and when they return, to make sure they understand their benefits, rights and options and to support their return to work.

If an associate transfers country during parental leave, the duration of leave in the new country of residence will apply, minus any leave already taken.

3 Implementation Timelines

This guideline will be implemented globally in three phases and will be completed by no later than January 1, 2021:

- Phase I countries will implement this guideline on July 1, 2019 for eligible births, surrogacies and adoptions from January 30, 2019.
- Phase II countries will implement this guideline in January 2020 for eligible births, surrogacies and adoptions from January 30, 2019.
- Phase III countries will implement this guideline in January 2021 for eligible births, surrogacies and adoptions from January 1, 2020.

4 Retrospective Eligibility

For retrospectively eligible associates, parental leave taken before their country implementation date will be deducted from the parental leave to be granted after implementation.

See examples 4 and 5 in the Appendix.

5 Appendix

Example 1:

In a particular country, birthing parents at Novartis are already eligible for at least 14 weeks of fully paid parental leave. However, a non-birthing parent (for example, a father or same-sex partner of the birthing parent) is not entitled to the same amount of paid leave.

Under the Novartis parental leave benefit, the birthing parent will not receive any additional paid leave, but the non-birthing parent (if employed by Novartis) will be eligible to take the same amount of paid leave as the birthing parent (this will be equal to the benefit offered to the birthing parent). The result should be that both parents are treated the same in terms of parental leave benefits.

Alternatively, if a country offers no paid parental leave or less than 14 weeks, under this guideline all parents, regardless of gender, will be eligible for 14 weeks of paid parental leave.

Example 2:

In countries where paid parental leave is provided at less than 100% of an associate's base salary, under this guideline Novartis will "add-on" to those benefits to match 100% of the associate's current base salary for the duration of the leave.

An associate's current weekly base salary is \$500, but the government parental leave benefit is 50% (or \$250 a week). Novartis will contribute an additional \$250 a week during the leave to make sure that the associate receives 100% of their base salary.

Example 3:

The birthing parent gives birth at 35 weeks (2 weeks earlier than the normal period of gestation). Both parents work for Novartis so, under this guideline, will be eligible for an additional two weeks of paid parental leave.

Example 4:

An associate becomes a parent in February 2019 in a Phase II country offering eight weeks of paid parental leave at the time. After implementation, this country will provide 14 weeks of paid parental leave.

The associate can use the initial eight weeks of paid parental leave immediately in 2019 in accordance with that country's existing policy. Then, following the country's implementation of the global guideline in January 2020, they are eligible for an additional six weeks of paid parental leave ($8 + 6 = 14$) under this guideline, for a total of 14 weeks.

Example 5:

An associate gives birth to a child in February 2019 in a Phase I country where at least 14 weeks of fully paid leave is already provided. The associate will not have any additional weeks of paid leave added to their parental leave by virtue of retrospective eligibility under this guideline, since they already have at least 14 weeks of paid parental leave available to them. However, if the child's other (non-birthing) parent is also an employee of Novartis, then by virtue of retrospective eligibility, they would be eligible for the equivalent quantity of parental leave as provided to the birthing parent (less any paid parental leave already taken in 2019 under an already existing guideline). They will receive their paid parental leave at their current base salary rate of pay for the duration of the parental leave following implementation of this guideline in the associates' country.

If a retrospectively eligible birth is premature (earlier than 37 weeks gestation), the "prematurity period" (i.e. number of weeks the child was born early) will be added to the parental leave, regardless of the parents' gender.

Parental leave will normally be taken and completed within one year of the birth, surrogacy or adoption of the child. However, if the one-year time limit could create difficulties for the business and associates retrospectively eligible under this guideline, the deadline for using this parental leave can be extended to one year after the implementation date. This applies only to retrospectively eligible associates as described in this guideline.

All other terms, conditions and rules set forth in this guideline still apply.