Corporate Responsibility

Corporate Responsibility (CR) is a core part of our business strategy and underscores our mission to discover new ways to improve and extend people’s lives. It is embedded in the way we manage our daily business, and lies in our two-pronged commitment to: expanding access to healthcare and doing business responsibly.

In order to continue to inform our approach to corporate responsibility, we kicked off our second full CR materiality assessment in late 2016. We will use the findings, which will be available later in 2017, to guide our strategy, track issues of concern, inform and prioritize our corporate responsibility programs and establish meaningful metrics against which to measure our CR performance.

Expanding access to healthcare

Finding new and innovative ways to deliver our treatments to as many people as possible is one of our top priorities. To expand access to healthcare, we offer an array of approaches, including innovative, sustainable business models, equitable commercial models, zero-profit models, patient assistance programs and philanthropic efforts.

Novartis ranked third in the 2016 Access to Medicine Index, up from fourth in 2014 and seventh in 2012, in recognition of our efforts to improve access to healthcare. We were listed as the industry leader in access-to-medicine management and capacity building. Two programs were recognized as best practice: Novartis Access and the Community-based Hypertension Improvement Project (ComHIP).

Rolling out Novartis Access: MoUs signed with five countries to date

Novartis Access, our portfolio of 15 on- and off-patent medicines against key chronic diseases has made good progress since its launch in late 2015. A first in the industry, the portfolio is offered as a basket to governments, non-governmental organizations (NGOs) and other institutional customers at a price of USD 1 per treatment per month.

Since launch, we delivered in total more than 180,000 treatments, each providing a one month supply of medicine, to Kenya, Ethiopia and Lebanon (through the International Committee of the Red Cross). The rollout is progressing in Kenya, with more than 10 medicine deliveries already in place, reaching half of the nation’s counties. After Kenya and Ethiopia, we signed memoranda of understanding in Rwanda, Uganda and Pakistan, and we expect the first product deliveries by the end 2017. Overall, we are in discussions with the governments of more than ten countries on three continents.

We are working with Boston University to evaluate the impact of Novartis Access in Kenya, and this methodology could help other companies evaluate their own access programs.

Novartis Malaria Initiative leads two of the most advanced malaria development programs worldwide

The Novartis Malaria Initiative is one of the healthcare industry's largest access-to-medicine programs. It focuses on improving access to treatment, helping communities in malaria-endemic countries deliver better healthcare and researching and developing next generation anti-malaria medication.

Since 2001, working with a range of organizations, Novartis has provided more than 800 million treatments for adults and children, without profit, to more than 60 malaria-endemic countries.
Novartis currently leads two of the most advanced malaria development programs worldwide. KAF156, currently in Phase II clinical development, is the first compound from a novel class of antimalarials known as imidazolopiperazines. Available non-clinical and clinical data suggest KAF156 has the potential to be effective against infections resistant to all currently available antimalarial drugs. We are developing KAF156 with scientific and financial support from Medicines for Malaria Venture (in collaboration with the Bill & Melinda Gates Foundation), exploring ways to combine it with another agent to achieve a new treatment option for malaria.

The second compound, KAE609, also in Phase II clinical development, continues to be evaluated. In addition, our scientists are working on other projects, including a back-up compound to one of the two compounds currently in Phase II clinical development.

**Launching SMS for Life 2.0**

In December 2016, we launched an innovative technology-based healthcare program called SMSfor Life 2.0 in Kaduna State, Nigeria. Building on the award-winning SMS for Life program launched in 2009, the new and enhanced program uses smartphones and tablet computers to address challenges at peripheral health facility level. It empowers local healthcare workers to track stock levels of selected antimalarials, vaccines, and HIV treatments, on a regular basis. The system is reducing stock-outs by bringing visibility to stocks of essential medicines and supplies, thereby increasing access to medicines.

The program will also monitor basic disease surveillance parameters such as malaria, measles, cholera or yellow fever, enabling the analysis of disease specific demographics and impact of interventions. At the same time, the peripheral healthcare workers can use the electronic devices to access specially commissioned eLearning training modules and educational videos, improving the quality of health services.

**Novartis Foundation launches Better Hearts Better Cities**

On World Hypertension Day 2017, the Novartis Foundation and its partners, including Intel Corporation, the NCD Alliance, city governments and local partners, announced the launch of Better Hearts Better Cities, an innovative initiative to improve cardiovascular health in low-income urban communities by improving the control of high blood pressure (hypertension) as a key risk factor for cardiovascular disease. Better Hearts Better Cities convenes multisector partners - from food suppliers to health authorities, employers and city planners - to contribute expertise and resources for local solutions that improve cardiovascular health in cities. The innovative approach is being tested in three cities, Ulaanbaatar, Mongolia, Dakar, Senegal, and a city in Brazil to be announced later this year.

Hypertension management is one of the focus areas of the Novartis Foundation. In 2016, the Foundation and its partners, including the international nonprofit organization PATH, launched the Ho Chi Minh City Communities for Healthy Hearts Program, which is designed to improve the health of adults with hypertension living in low-income households in urban Vietnam. After the Community-based Hypertension Improvement Project (ComHIP) in Ghana, this is the Foundation’s second high blood pressure program in a lower-income setting. The Foundation launched ComHIP in Ghana in 2015. Today, the program covers the 200,000 people living in the Lower Manya Krobo District in Ghana’s Eastern region, bringing hypertension screening services closer to the community.

The Novartis Foundation continues to develop novel strategies to fully interrupt the transmission of leprosy. At the 19th International Leprosy Congress in September 2016, the Foundation presented emerging evidence on the Leprosy Post-Exposure Prophylaxis (LPEP) program, which evaluates the feasibility of providing preventative medicines for close contacts of newly diagnosed patients to decrease the risk of transmission. Partway through the study,
LPEP has already shown that it could be integrated into routine practice in endemic countries in the future.

**Sandoz announces winners of the Healthcare Access Challenge**

In March 2017, Sandoz announced the three winners of the Healthcare Access Challenge (HACk). Chosen by expert panel at Wired Health 2017 in London, the winners identified innovative approaches to address access challenges in Ghana, the Maldives and the Philippines, using mobile technologies to connect patients with caregivers and essential medicines. The winners received seed funding and mentoring support to help bring their ideas to life. Launched in 2016, the HACk, is a competition aimed at generating novel solutions to key healthcare access challenges in local communities. The Sandoz HACk received 150 submissions, from 36 countries, including more than 20 low-income countries.

In December 2016, Sandoz signed a sub-licensing agreement with the Medicines Patent Pool to help produce much needed hepatitis C treatments for developing countries. Sandoz will manufacture daclatasvir, a new direct-acting antiviral that, when used in combination with other treatments, is proven to cure multiple genotypes of the hepatitis C virus.

**Third-generation Flying Eye Hospital makes medical aviation history**

In 2016, Alcon and Orbis unveiled the third-generation Flying Eye Hospital. Housed in an MD-10 aircraft equipped with Alcon vision systems and products, as well as a 46-seat Alcon classroom, the Flying Eye Hospital completed its maiden program in Shenyang, China, in September. During the three-week visit, the plane’s medical volunteers treated 124 patients and provided hands-on surgical training to 18 local doctors.

**Reseaching treatments for infectious and tropical diseases**

At the Novartis Institutes for BioMedical Research (NIBR), our infectious disease team is exploring new treatments for viral infections, including respiratory viruses (such as influenza and respiratory syncytial virus, or RSV) and viruses that threaten patients with HIV/AIDS. Within NIBR, the Novartis Institute for Tropical Diseases (NITD) is dedicated to discovering novel treatments for malaria, dengue fever, human African trypanosomiasis, leishmaniasis, Chagas disease, and cryptosporidiosis.

In June 2017, infectious disease scientists from Novartis, the University of Georgia and Washington State University reported the discovery and early validation of a drug candidate for treating cryptosporidiosis, a diarrheal disease which is a major cause of child mortality in lower-income countries. Currently there are no vaccines or effective treatments.

Earlier, in 2016, we also reported a new target for three neglected diseases: African sleeping sickness, leishmaniasis and Chagas disease. Clinically, these diseases – responsible for 50,000 deaths annually – seem quite distinct, but they’re all caused by parasites called kinetoplastids that belong to the same class of single-celled organisms. Working in lab models, our researchers demonstrated that it may be possible to treat all three diseases with a single class of compound that blocks cellular machinery known as the proteasome.

In addition, we undertake adaptive development, modifying existing medicines to better meet the needs of underserved and vulnerable patient groups like children and the elderly, and those living in high heat and tropical climates. For example, we are working to expand the
clinical use of *Lamprene* (clofazimine), an agent to treat leprosy, for multidrug-resistant tuberculosis.

**Fighting antimicrobial resistance**

Drug-resistant bacteria are an emerging threat to public health. In 2016, Novartis joined with leading industry peers to present a roadmap for combatting antimicrobial resistance (AMR). The signatories made four key commitments they will deliver by 2020 to reduce AMR: reduce the environmental impact from the production of antibiotics; help ensure antibiotics are used only by patients who need them; improve access to current and future antibiotics, vaccines, and diagnostics; and explore new opportunities for open collaborations between industry and the public sector.

In June 2017, Novartis scientists reported on a new compound that aims to attack antibiotic-resistant bacteria. The compound LYS228 is in a first-in-human study to evaluate its safety and pharmacokinetics.

**Doing business responsibly**

We recognize that to realize our vision to be a trusted leader in changing the practice of medicine, we need to earn and maintain the trust of patients, associates, healthcare partners, shareholders and the society we serve. This requires that we operate with high integrity, transparency and environmental sustainability.

We care for our associates, strive to positively contribute to the communities where we live and work, and protect the environment. We are also promoting ethics and strengthening governance by taking steps to ensure our standards align with society’s increasingly high expectations for ethical behavior.

**Caring for our people**

In 2016, Novartis completed the transition to a new operating model, which involved integrating 38,000 employees, or about a third of the workforce, into new business entities. To a large extent, the work done to ensure that managers and employees felt supported – in other words, understanding why it was taking place, how it may impact them, and what behaviors should be fostered to ensure success – enabled the successful implementation of these changes.

We have also taken steps to improve diversity across the organization. We adopted a new Diversity and Inclusion Strategy and achieved our initial aspiration of 25% female representation among Novartis Top Leaders (the company’s 360 most senior executives).

**Novartis secures number two position out of 1 200 “World’s Most Active” organizations**

As part of our annual Be Healthy program, more than 18,000 associates in more than 65 countries joined the 2016 Global Corporate Challenge® (GCC), a 16-week workplace well-being competition. In 2016, for the third year in a row, Novartis secured the number two position in the “World’s Most Active” global rankings out of 1,200 organizations participating worldwide, and we were also named most active organization in the healthcare and medical sector.

**Protecting the environment**

We strive to be a leader in health, safety and environmental protection. Our structured approach to minimizing our environmental impact has helped us make considerable progress.
Novartis adopted the Vision 2030 on Environmental Sustainability, underpinned by a set of environmental sustainability targets. These efforts are focused on four strategic environmental impact areas – energy and climate; water and micro-pollutants; materials and waste; and environmental sustainability management.

We took our first steps toward achieving our 2020 targets. Overall, we reduced our net greenhouse gas emissions by 18.7 % versus 2010, with an additional net reduction by 10 kilotons in 2016.

**Promoting ethical business conduct**

Society has increasingly high expectations for ethical behavior from global healthcare companies – expectations that very often go beyond what is legally required. We are taking steps to ensure our standards align with those expectations.

In 2016, as a member of the European Federation of Pharmaceutical Industries and Associations (EFPIA), Novartis has started to publicly disclose all payments and other transfers of value (such as sponsorships, speaker or consultancy fees) to health professionals and healthcare organizations for prescription pharmaceuticals and will extend this disclosure to include all product segments and all Novartis entities in Europe by 2017.

Further, Novartis is changing its approach to medical education, including congress attendance. From 2017, we offer doctors support to attend medical conferences based on their active participation in the event (i.e., only if they are speakers or presenters of Novartis data, chairs of Novartis-sponsored sessions, or faculty for post-congress education). We are only sponsoring speakers to represent the company in clearly-defined instances, for example, when a new product becomes available, or significant new clinical data are released.

At the same time, Novartis has begun implementing innovative digital communication tools (including virtual meetings and web-based customer interaction platforms) to reach a broader selection of the medical community. We have 120 pilots for finding better ways of engaging with healthcare professionals that are ongoing or completed.

**External recognition for our CR performance**

Novartis is frequently recognized in corporate responsibility and industry rankings, and has been among the top three pharmaceutical companies in Fortune’s “World’s Most Admired Companies” ranking for 13 years.

Novartis was included in Corporate Knights’ 2017 “Global 100 Most Sustainable Corporations in the World” Index; Fortune’s “World’s Most Admired Companies 2017” list, ranking as the second-highest pharmaceutical company and their “Change the World 2015” list, ranking among the top 10 companies that are “doing well by doing good”. Novartis ranked number three in the 2016 Access to Medicine Index (ATMi), and was again included in the Dow Jones Sustainability World Index (DJSI).

Novartis was also ranked among the top green companies in the world by Newsweek’s 2016 “Green Rankings,” one of the world’s foremost corporate environmental rankings. In addition, both the DJSI and the CDP Climate score recognized our efforts in environmental sustainability.

Our CR Performance Report 2015 was highly commended in the 2016 Responsible Business Awards for its data-driven reporting and clear materiality analysis and was first runner-up in the category “Relevance & Materiality” at the CR Reporting Awards (CRRA).
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