

## Global Parental Leave Guideline

### Objective and purpose

This Guideline establishes a global minimum period of paid parental leave of 14 weeks for birthing and non-birthing parents employed by Novartis following the birth, surrogacy or adoption of a child. In countries where Novartis already offers paid parental leave to birthing parents that is at least or greater than 14 weeks, the same leave benefit will continue to be provided to birthing parents but, following implementation of this guideline, that same leave benefit will also be provided to the non-birthing parent.

This guideline is not intended to revise, replace or augment any local legally mandated or prescribed parental leave benefits or related requirements concerning issues or subjects that are not expressly addressed in this guideline.

### Detailed description

#### Design Features

Eligibility to participate in this benefit is limited to parents with a legal relationship to the child and is triggered upon the birth, surrogacy or adoption of a child during the time the parent is employed by a Novartis Group company.

All associates are eligible for this benefit upon commencement of employment with the company. The benefit only applies to births/surrogacies/adoptions following the official country implementation date of the benefit for each country (to be rolled out in phases through 2021). Eligibility and entitlement for this benefit ends upon the parent's separation/termination of employment, for any reason, from the company.

Births/surrogacies/adoptions prior to employment with Novartis are not eligible.

This Novartis parental leave benefit applies equally to both birthing parents and non-birthing parents (regardless of gender).

The paid parental leave benefit includes the higher of:

- (i) current duration of paid parental leave already provided in the country at 100% of the associate's current base salary rate of pay; or
- (ii) 14 weeks of paid parental leave at 100% of the associate's current base salary rate of pay.

If the child's other (non-birthing) parent is also an employee of Novartis, he or she would be eligible for the equivalent quantity of parental leave as provided to the birth-mother/associate (less any paid parental leave already taken under an already existing guideline).

There is no cap to the number of subsequent children for which an eligible associate may take a paid parental leave.

Multiple births (twins, triplets, etc.) or simultaneous adoption of siblings will count as one entitlement event only.

In the event that an eligible associate's child is born prematurely (less than the normal 37 week gestation period), the Novartis parental leave benefit would be extended to cover that "prematurity period".

Associates can choose how to take the parental leave.

Paid parental leave may be taken in a single continuous block or via multiple shorter blocks of time over the course of the year of the birth/surrogacy/adoption of the child (subject to local legal and business continuity requirements).

Associates must plan for the leave well in advance with their managers (ideally at least two months before taking such leave) to facilitate smooth business continuity. Stricter rules for advance notice, as well as how the leave will be taken (i.e. multiple blocks of time), may be implemented by local organizations (subject to local law, and in accord with the spirit and intent of this guideline to provide new parents with such leave) if appropriate and necessary to address legitimate local business continuity issues.

Existing local policies relating to proration of Short Term Incentive (STI) calculations during a leave of absence should be maintained.

Proration of STI, as well as proration of other applicable benefits, would apply equally to birthing and non-birthing parents taking the parental leave.

Additional costs will be allocated at Business Unit level.

Additional costs associated with this benefit will be allocated and budgeted locally at the business unit/org unit (Pharma, Oncology, NBS, NTO, etc.) level, rather than at the manager's cost center level.

Additional add-on features and recommendations to be considered.

Prior to taking paid parental leave and upon re-entry to work following the leave, Novartis will provide access to professional coaching to help associates understand their benefits, rights and options and support their reintegration into the workplace.

In the event that an associate transfers to a Novartis Group company in another country during the parental leave, the duration of leave in the country of the new residence will apply; leave already taken in the former country will be deducted.

While contractors and other external service providers are not eligible for any benefits under this guideline, it is recommended that local Novartis operations

inform their suppliers and vendors about this initiative and encourage them to adopt similar benefits for their own associates.

### Implementation Timelines / Retrospective Eligibility - Grandfathering

Implementation will be staggered over three phases, with complete global implementation by no later than January 1, 2021.

**Phase I** countries are anticipated to implement this guideline on July 1, 2019. For any eligible births, surrogacies or adoptions that occur on or after January 30, 2019, parents of such children in Phase I countries will be able to utilize the parental leave benefits set forth in this guideline following the implementation date of this guideline in their country.

**Phase II** countries are anticipated to implement this guideline in January 2020. For any eligible births, surrogacies or adoptions that occur on or after January 30, 2019, parents of such children in Phase II countries will be able to utilize the parental leave benefits set forth in this guideline following the implementation date of this guideline in their country.

**Phase III** countries are anticipated to implement this guideline in January 2021. For any eligible births, surrogacies or adoptions that occur on or after January 1, 2020, parents of such children in Phase III countries will be able to utilize the parental leave benefits set forth in this guideline following the implementation date of this guideline in their country.

For grandfathered associates, parental leave already taken before the applicable implementation date in their country will be deducted from the parental leave to be granted after implementation date set forth in this guideline.