Message from the Chairman

Novartis made substantial progress in 2017. We introduced important new products, including three breakthrough cancer therapies. Strong growth of recently launched products helped counter the effects of generic competition for products that have lost patent protection. We accelerated collaboration in research and development, which we believe will enhance our ability to produce innovative new medicines. At the same time, we are taking steps to make our medicines available to more people who need them, regardless of where they live.

Novartis was among the first companies to introduce innovative social business models aimed at creating shared value between enterprises and local communities. Launched in 2007, Arogya Parivar – our Healthy Family program in India – now reaches across 11 Indian states, covering some 14,000 villages and small towns that are home to more than 32 million people. The program, which has since been replicated in Kenya and Vietnam, provides millions of patients with health education and a targeted portfolio of medications that includes low-cost medicines from Novartis and Sandoz for locally prevalent diseases. All three programs have broken even – a critical step if they are to continue to expand access to healthcare over the long term.

The success of Healthy Family has since led to the development and launch of Novartis Access, which aims to address the increase in chronic diseases in lower-income countries through a portfolio of 15 medicines. Since launching the program in 2015, we have delivered more than 800,000 treatments to Kenya, Ethiopia, Lebanon and Cameroon. The hurdles are bigger than we had imagined, and the program uptake is not as swift as anticipated. But we remain true to our commitment and in pursuit of our ultimate goal to introduce Novartis Access in 30 low- and lower-middle-income countries over the coming years and to make it commercially sustainable in the long term. We are on a learning journey with this program, and I hope others in the industry will also learn from our experiences and try out innovative approaches.

As a science-based pharmaceutical company, we focus on research and development. We have started Phase II trials in Africa for our novel malaria compound KAF156, and we also plan to begin testing in patients in Asia in early 2018. While it is still the early days in the development of this drug, we expect the compound to play a crucial part in keeping malaria under control, especially if resistance to current therapies increases further. Meanwhile, we expect further progress from our research
at the Novartis Institute for Tropical Diseases, which we transferred to Emeryville, California, in the US last year to benefit from closer collaboration with our infectious diseases team and the local biotech community.

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The work of the Novartis Foundation is also gaining traction. Besides its long-running program to eliminate leprosy through novel strategies to interrupt transmission, the foundation has made further advances in establishing a new collaborative model between healthcare and technology providers, as well as other stakeholders, to help manage and prevent hypertension in urban areas in poorer countries. Its Better Hearts Better Cities initiative has made early progress in cities such as Ulaanbaatar in Mongolia and Dakar in Senegal, and could serve as a model for other cities in the future.

While we are pursuing new approaches, we also remain committed to our long-term programs such as the Novartis Malaria Initiative and our multidrug therapy donation for the treatment of leprosy.

As an original signatory to the United Nations (UN) Global Compact and as supporters of the UN Sustainable Development Goals, we share the view that stable and reliable healthcare systems are vital for economic and social progress. We aim to cultivate a strong dialogue with our stakeholders to better understand how we can continue to improve our contribution to society, and we seek more opportunities for engagement.

Solving the world’s many healthcare challenges will require the collaboration of many organizations, and Novartis remains a willing partner in these efforts.

Joerg Reinhardt
Chairman of the Board of Directors