

CORPORATE CITIZENSHIP: TARGETS AND RESULTS FOR 2008 AND TARGETS FOR 2009

UN Global Compact

Targets 2008

Publish a case study about Corporate Citizenship at Novartis. Continue to look for opportunities to support the United Nations Global Compact in shaping projects and opportunities for maximum impact.

Results 2008

Delivered a case study on developing new markets in rural India from a human rights perspective that will be included in a Harvard Business School publication. Supported the first "UN Global Compact Leading Companies Retreat" in Boston (US).

Targets 2009

Participate in the Human Rights Working Group of the UN Global Compact to advance thinking on compliance assessments for human rights as well as concepts for access to medicine.

Respect for Human Rights

Targets 2008

Pilot a Human Rights Compliance Assessment in an additional country and develop a pharma-specific version of the assessment. Support the Business Leadership Initiative on Human Rights (BLIHR) in development of an online tool to help companies assess and address challenges related to human rights. Contribute to the new round of discussions about business and the right to health.

Results 2008

Conducted the third full application of the tool at Novartis South Africa and supported the Danish Institute for Human Rights to test proposed elements of a pharma-specific version. Built part of the steering group to develop the prototype of the online BLIHR matrix, presented at the 60th anniversary of the Universal Declaration of Human Rights. Published article on corporate responsibilities for access to medicine in the "Journal of Business Ethics."

Targets 2009

Test the tool for assessing human rights compliance in a fourth country and continue to facilitate the development of a pharma-specific version by sharing the pioneering experience. Test the BLIHR Matrix tool for a cross-check of the company's main policies regarding the completeness in terms of human rights.

Transparent Reporting

Targets 2008

Release 2007 "Communication on Progress." Continuously update the Citizenship@Novartis website.

Results 2008

Released the 2007 "Communication on Progress" reporting on the commitment of Novartis to the 10 principles of the UN Global Compact (UNGC). The Citizenship@Novartis website was regularly updated.

Targets 2009

Release the 2008 "Communication on Progress" on the 10 principles of the UNGC. Continuously update Citizenship@Novartis.

Government Relations/Lobbying

Targets 2008

Publish additional position papers about healthcare topics to maintain transparency with topics of interest to external stakeholders.

Results 2008

Published new position papers on human rights and updates for "Disclosure of Clinical Research Information." Expanded Public Affairs training in emerging markets. In 2008, Novartis spent USD 24 million in support of major international, US and pan-European trade associations.

Targets 2009

Publish additional position papers about healthcare topics of interest to external stakeholders. Continue improving Public Affairs skills in all markets.

Financial Community

Targets 2008

Transition to the third generation guidelines (G3) for the 2007 Global Reporting Initiative (GRI) report.

Results 2008

Released Novartis GRI 2007 report using the enhanced G3 Sustainability Reporting Guidelines. GRI confirmed an A+ application level.

Targets 2009

Release 2008 GRI report using G3 Guidelines and maintain ranking. Strive to maintain a top industry rating for corporate citizenship engagement.

COMMITMENT TO PATIENTS: TARGETS AND RESULTS FOR 2008 AND TARGETS FOR 2009

Stakeholder Engagement

Targets 2008	Results 2008	Targets 2009
Embed concept of consulting with key patient groups in the development and marketing cycles of major brands and therapy areas. Increase involvement of Novartis in civil-society debate on access to medicines.	Collaboration with major international patient groups was established for all therapy areas. More patient advocates are included on advisory boards, used to help develop clinical program and launch strategies. Increasingly, patient-group leaders and representatives are invited to Novartis management meetings, providing deeper insights into patient needs. Participated in the SustainAbility Pharmafutures project on improved health outcomes in emerging markets. Actively engaged in the Intergovernmental Working Group debate on access to medicines.	Continue to embed patient advocates as partners in advising on drug development and launch plans. Further collaborate on projects with major international patient groups to help raise awareness on burden of disease and patient needs. Continue involvement of Novartis in civil-society debate on critical topics with relevant stakeholders.

Access to Medicines

Targets 2008	Results 2008	Targets 2009
Launch pediatric dispersible formulation of <i>Coartem</i> . Facilitate data collection and publication of studies showing health impact of <i>Coartem</i> use.	In December, Swiss health authorities approved the new pediatric formulation of <i>Coartem</i> . The launch will occur during 2009. Published and presented data on the health impact of <i>Coartem</i> at international symposia. Continued and increased supply of <i>Coartem</i> without interruption. Reduced production cost of <i>Coartem</i> to further reduce price significantly.	Launch pediatric dispersible formulation of <i>Coartem</i> . Pursue efficient production of <i>Coartem</i> with uninterrupted supply. Collect data on the experience of using the new pediatric dispersible formulation of <i>Coartem</i> in endemic countries. Expand the Indian pilot of "Arogya Parivar" business model, that provides health education and makes quality medicines accessible and affordable to underserved rural regions.

Novartis Institute for Tropical Diseases

Targets 2008	Results 2008	Targets 2009
Fully consolidate Institute's new ventures – Eijkman Institute; Hasanuddin University Clinical Research Institute (NEHCRI); and malaria research – while continuing the buildup of the pipeline in dengue fever, tuberculosis and malaria. Maintain vigorous teaching and training activity, as well as high international scientific presence in tropical diseases research and development.	NEHCRI fully functional. First compound for malaria entered preclinical development and compound for dengue fever progressed further in preclinical development. Second class of students from Asia, Africa and Europe successfully completed MSc collaborative program with National University of Singapore, Swiss Tropical Institute and University of Basel. NITD hosted four international conferences and workshops.	Translate preclinical study findings in dengue fever, tuberculosis and malaria into strategic clinical development programs. Continue expansion of pipeline in all three disease areas. Maintain dynamic teaching and training activities, as well as significant scientific international presence in tropical diseases research and development.

Novartis Vaccines Institute for Global Health (New Target)

Targets 2008	Results 2008	Targets 2009
	Institute inaugurated in February 2008 with commissioning of first laboratories. Started first projects for vaccines in neglected diseases of the developing world (salmonella) by staffing the technical development and clinical trial functions.	First vaccine (a conjugate for typhoid fever) enters pilot-scale GMP (good manufacturing practices) production. Prepare start of clinical trials in 2010. Develop process for pilot-scale GMP production in 2010 for vaccines for paratyphoid in Asia and non-typhoid salmonella in Africa.

COMMITMENT TO PEOPLE AND COMMUNITIES: TARGETS AND RESULTS FOR 2008 AND TARGETS FOR 2009

Living Wages

Targets 2008	Results 2008	Targets 2009
Continue to use established process for periodic updates of living-wage levels and adjustment of salaries of associates who are below those levels.	The wage-level review identified three cases globally that required adjustment to the living-wage level.	Continue using established processes to update living-wage levels annually and adjust salaries of associates who are below those levels.

Global Employee Survey

Targets 2008	Results 2008	Targets 2009
Plan an aligned approach for the Novartis Global Leadership survey and annual employee climate survey to allow synchronized implementation in 2009.	A global employee survey instrument was designed with focus on engagement across all levels.	Administer the Novartis Global Employee Survey in March 2009. Communicate findings to associates and implement follow-up actions.

Diversity and Inclusion

Targets 2008	Results 2008	Targets 2009
Continue to use the external Diversity and Inclusion Advisory Council (DIAC) as implementation aid. Continue divisional and functional implementation, according to business needs.	The DIAC is an established body supporting and challenging Novartis efforts in diversity and inclusion, particularly in the areas of talent development and marketing strategies. Divisions have created diversity and inclusion strategies and action plans.	Leverage diversity and inclusion to enhance marketing effectiveness, improve integration of diversity and inclusion in talent development and improve training programs on diversity and inclusion. Further implement employee resource groups, diversity-specific mentoring programs and awareness training programs. Establish training for fair and objective recruitment.

Lost-Time Injury and Illness Rate (LTIR)

Targets 2008	Results 2008	Targets 2009
Reduce LTIR to 0.39.	0.34.	Reduce LTIR to 0.31.

Total Recordable Case Rate (TRCR)

Targets 2008	Results 2008	Targets 2009
Baseline measurement.	1.08.	10% improvement by end 2009, based on 2008 level.

COMMITMENT TO THE ENVIRONMENT: TARGETS AND RESULTS FOR 2008 AND TARGETS FOR 2009

Energy-efficiency improvement

Targets 2008	Results 2008	Targets 2009
10% by end 2010, based on 2006 level.	8% by end 2008, based on 2006 level.	10% by end 2010, based on 2006 level.

Contact-water-efficiency improvement

Targets 2008	Results 2008	Targets 2009
10% by end 2010, based on 2005 level.	27% by end 2008, based on 2005 level.	10% by end 2010, based on 2005 level.

Volatile organic compounds (VOC) emissions halogenated

Targets 2008	Results 2008	Targets 2009
Maintain 2007 target of 160 tons.	224 tons.	Decreased to 2008 level of 220 tons.

Volatile organic compounds (VOC) non-halogenated

Targets 2008	Results 2008	Targets 2009
Decrease to 1 677 tons by 2008.	1 594 tons.	Decrease to 1 550 tons.

CO2 from vehicles

Targets 2008	Results 2008	Targets 2009
Decrease 10% by end 2010, based on 2005 level.	175 kilotons.	Decrease 10% by end 2010, based on 2005 level.

Scope 1 GHG emissions from operations

Targets 2008	Results 2008	Targets 2009
Decrease 5% below 1990 level by 2008-2012.	404 kilotons.	Decrease 5% below 1990 level by 2008-2012.

Hazardous waste to landfill

Targets 2008	Results 2008	Targets 2009
Decrease to zero tons by 2008.	0.9 tons.	Measures put in place ensure all organic hazardous waste will, in future, be incinerated.

COMMITMENT TO ETHICAL BUSINESS CONDUCT: TARGETS AND RESULTS FOR 2008 AND TARGETS FOR 2009

Management Framework

Targets 2008	Results 2008	Targets 2009
Implementation of new policy framework. Implementation of new Integrity & Compliance Program.	New policy framework developed. Integrity & Compliance program implemented.	Implement new policies. Conduct regional workshops to strengthen application of program.

Code of Conduct

Targets 2008	Results 2008	Targets 2009
Divisions and Corporate to implement two new e-learning courses with 90% completion. Further expand e-training to include refresher courses in addition to new courses. Develop skills training on Code of Conduct topics and integrate into management development program.	New e-learning courses developed and implemented. New training concept with skills training developed, and integrated into management development program.	Update Code of Conduct to include additional key behavioral standards (example: innovation, customer-focus, diversity). Roll out new leadership training for all levels of management.

Fair Business Practices¹

Targets 2008	Results 2008	Targets 2009
Corporate Citizenship Guideline 3 to be revised. Train relevant Pharma associates on revised promotional practice code.	Corporate Citizenship Guideline 3 and Novartis Pharma Principles and Practices for Professionals (NP4) revised. Pharma associates trained in all regions.	Review codes in all divisions for inclusion of non-promotional activities, where relevant.

Third Party Management

Targets 2008	Results 2008	Targets 2009
Audit additional 250 third parties. Screen and assess additional 500 questionnaires from Class 2 third-party suppliers. Conduct training programs to further raise awareness within the company.	Completed all planned on-site audits and compliance-assessment questionnaires. Held awareness and training workshops for Novartis third-party management associates from 11 countries.	Design and pilot local supplier information programs to foster social responsibility initiatives. Audit additional 150 third-parties from high-risk countries.

Product Stewardship

Targets 2008	Results 2008	Targets 2009
Continue support of anticipatory Product Stewardship.	Product Stewardship has been fully integrated into the risk management activities of the divisions.	From 2009, product stewardship issues will be referred to in the current Form 20-F on file with the US Securities and Exchange Commission.

Animal Welfare

Targets 2008	Results 2008	Targets 2009
Integrate Novartis Vaccines Institute for Global Health (NVGH) and NIBR site in Shanghai into Novartis animal-welfare organization. Audit third-party facilities in countries with no, or weak, animal welfare legislation	Both NVGH and NIBR Shanghai sites were integrated into animal-welfare processes, including visit of the global animal welfare officer. In Pharma Division and Corporate Research, only two of 14 third-party facilities audited in countries with no, or weak, animal welfare legislation required remedial actions.	Monitor the implementation of animal-welfare-related processes in new facilities (Shanghai, Tokyo, Siena). Promote best animal-welfare practices in third-party facilities by auditing facilities in countries with weak laws and regulations, and continuously upgrade contractual study conditions to the highest standards. Organize an animal welfare forum to align the global animal welfare community. Create a "Reduce, Refine, Replace" award at Novartis.

¹ Formerly "Fair Marketing Practices"