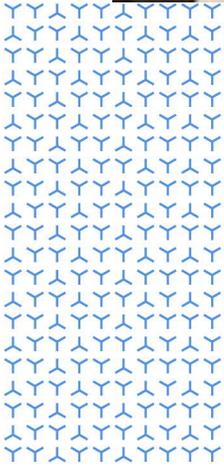
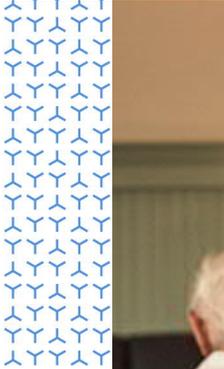




One Novartis



# CHOICE with Responsibility : Distributed Working at Novartis

Helen Odell  
November 2020

# Principles for distributed working @ Novartis: CHOICE with Responsibility

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Supports our culture ambition

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Scope is based on nature of work

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Individual/corporate tax, reporting and social security compliance

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Aim to be cost-neutral

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Focus on people experience, moments that matter

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Associate and company performance and productivity

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Navigate through complexity and ambiguity

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# Reimagining our ways of working post COVID

The aspiration

## CHOICE with Responsibility

“You evaluate people’s work on **what they produce, not how or when** they produce it.

**Trust** emerges as the glue that holds the entire operation together.

You tap into the **global talent pool**, the 99% of the world’s population and intelligence that doesn’t live near one of your legacy physical office locations.

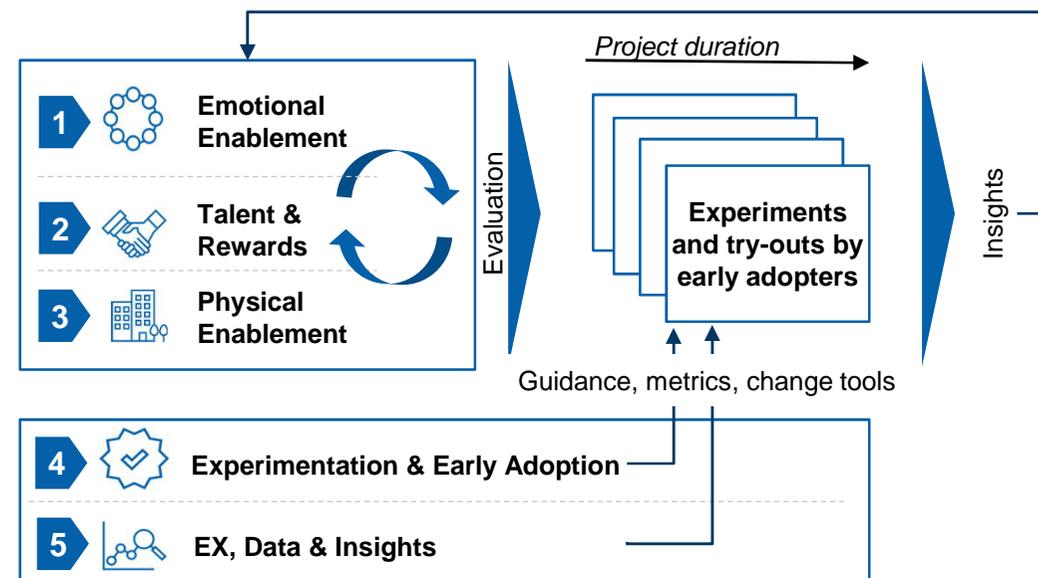
**Employee retention goes way up**, and you invest more in training and coaching.”

**Matt Mullenweg**  
Distributed Work’s Five Level of Autonomy<sup>1</sup>

<sup>1</sup> Source: <https://ma.tt/2020/04/five-levels-of-autonomy/>

The plan

## 5 streams in CHOICE with Responsibility



# Our insights discovery path

- Experiments will focus on **6 baseline insights** (with additional insights decided on a case by case basis)
  - Sense of Belonging
  - Collaboration & Networking
  - Work-life balance and well-being
  - Productivity
  - Speak up
  - Innovation
- **14 cluster of hypotheses** to be tested, across physical & emotional enablement, talent & rewards, and capability building
- **Bi-weekly Live Pulse** to capture insights including both a control group and experiment groups\*, as well as work-place analytics data.
- **600 new sentiments data points** will be generated bi-weekly.
- **Up to 10 experiments ready to launch** prior to end of 2020, addressing emotional enablement and team collaboration
- An **additional 15 experiments set to launch in Q1 2021** (COVID permitting) focusing on physical enablement aspects and testing virtual international assignments.

\*Participants of an experiment will complete the Live Pulse pre and post their experiment.



# Early Insights on Choice with Responsibility

## Choice is Flexibility

60% of associates indicate “working flexibly” as they preferred choice in an ideal work setting. While 14% would prefer working primarily from home. That’s a 45% increase compared to work setting prior to COVID.

## Role of the line manager at all-time critical

Associates spend on average 12 minutes per week in 1:1s with their manager.

## Associates struggle to re-charge

23% unfavorable associates and 36% neutral associates on the ability to disconnect from work during non-work time



## Team Collaboration at all-time high

70% favorable associates find their team stays well connected while working remotely.

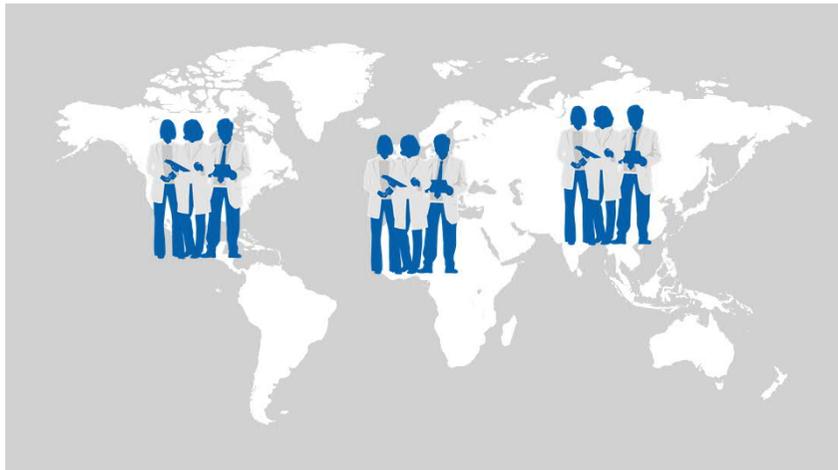
## Wellbeing remains top area of focus

17% unfavorable associates and 35% neutral associates on the satisfaction to balance work and private life

## A new Moment that Matters

66% favorable associates feel well supported by Novartis.

# The aspiration is to extend CwR beyond country borders



## Current structure

- Centralized teams in dedicated locations, mainly driven by our corporate footprint that drives profit allocation and Enterprise Tax Rate



## Future vision

- Decentralized teams in changing locations still ensuring a competitive Enterprise Tax Rate

# Enabling flexibility for an international workforce?

We're working through the following scenarios with our Group Tax and Legal teams to understand current restrictions and how we might be able to enable more flexibility internationally as well as domestically.

Associate scenario	Duration	Example
1. "I would like to move the role to me in my current location"	a. "Permanent" – no end date	To access critical talent for hard-to-fill roles. Talent is in another location and not mobile
	b. Long term virtual assignment i.e. 6-36 months	Providing a career opportunity for non-mobile Novartis talent, or to access critical skills of non-mobile Novartis talent for a long-term project
	c. Short term virtual assignment i.e. < 6 months	Providing a development opportunity for non-mobile Novartis talent, or to access critical skills of non-mobile Novartis talent for a short-term project
2. "I would like to take the role with me to a new location"	a. "Permanent" – no end date	Enabling critical talent to perform their role where they can be at their best (e.g. due to need to relocate near to aging parents)
	b. Long term personal move i.e. 3-36 months	Supporting dual careers of critical talent (e.g. partner of Novartis associate receives assignment offer abroad)
	c. Short term i.e. < 3 months	Associates undertaking normal work duties whilst on extended personal travel

# Guiding principles for pilots (short and long term moves)

	Principle	Governance
<b>Eligible roles</b>	<ul style="list-style-type: none"> <li>• Non-management and Management roles</li> <li>• More senior Management roles subject to Group tax sign-off</li> <li>• Excluded: Executives or any 'Country dedicated critical' roles e.g. Country leadership, Country Franchise Heads, market access, commercial or sales roles etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Signed-off by Group Tax/ division or B.U. CFOs, and endorsed by local CCFO</li> </ul>
<b>Locations</b>	<ul style="list-style-type: none"> <li>• Relevant locations, largely based on corporate tax and labor law feasibility.</li> <li>• UK, Switzerland US excluded.</li> <li>• Based on where the associate currently is (rather than relocating them to a preferred location)</li> <li>• Only possible where 'hosting' legal entity (L.E.) already has relevant footprint</li> <li>• Recommend to stay within same time-zone</li> </ul>	<ul style="list-style-type: none"> <li>• Exceptions to be considered case by case</li> <li>• During pilots, locations to be assessed case by case with Group Tax, Legal, and CCFO until sufficient experience built up to consider a location as 'pre-approved'</li> </ul>
<b>Employment terms</b>	<ul style="list-style-type: none"> <li>• Hired &amp; compensated in location of residence, where they will spend majority working time</li> <li>• Travel to 'role-owning' location limited to business travel only</li> </ul>	<ul style="list-style-type: none"> <li>• Will be monitored using Business Travel tracker in case presence triggers compliance needs in 'role-owning' location. To be managed by Global Mobility</li> </ul>
<b>Accounting &amp; transfer pricing</b>	<ul style="list-style-type: none"> <li>• Must be a re-charge of personnel costs on an individual (1:1) basis, with a mark-up, to the 'role-owning' location</li> <li>• Costs cannot be left in countries which are non-country costs (i.e. to where they do not belong)</li> </ul>	<ul style="list-style-type: none"> <li>• Roles to be tracked &amp; monitored by P&amp;O and Finance</li> <li>• Over time it may be assessed whether the volume of such roles in certain markets is sufficient to merit a management company set-up</li> </ul>