

From: Vas, Message (Gen) <message.vas@novartis.com>
Sent: Monday, April 4, 2022 10:44 AM
To: Mahajan, Vinay
Subject: Announcing our new organizational structure to deliver on our strategy



A message from Vas

Dear colleagues,

Our purpose at Novartis is to Reimagine Medicine to improve and extend people's lives, and we have the potential to become the most trusted and valued medicines company in the world based on the impact we have on patients and societies and the value we create for our shareholders.

Given where we are on our journey to focus our company, the ways industry practice is rapidly shifting, and the unprecedented pace of scientific progress—now is the right time to simplify our operating model to deliver against our strategy and power our next phase of innovation, growth, and productivity.

As I share the details of today's announcement, I also want to share with you the broader context and strategic rationale behind these important changes. Please

watch this [video](#) to hear why the ECN and I believe these are the right decisions at the right time for our company.



The headline changes we're announcing today are as follows:

First, we're integrating our Pharmaceuticals and Oncology business units into one Innovative Medicines (IM) unit, with separate IM International and IM US commercial organizations. Nearly 20 years ago when Novartis adopted a split commercial structure, we were essentially a Primary Care business and an Oncology business. Over time, as we evolved from a Primary Care to a specialty pharmaceuticals business focused on innovative medicines and technologies, the lines increasingly blurred between our commercial organizations, and we've created complexity by running two commercial structures across geographies.

Our new powerhouse commercial organizations will benefit from increased focus on launches and growth drivers, strengthen our competitiveness, and drive important synergies. Marie-France Tschudin is named President, Innovative Medicines International and Chief Commercial Officer, and Victor Bulto is named President, Innovative Medicines US. Both Presidents sit on the ECN and report to me.

Second, we are creating a new Strategy & Growth function, combining R&D portfolio strategy, business development, and corporate strategy to further strengthen our pipeline and growth outlook with high-value medicines across internal and external opportunities. Lutz Hegemann will lead Strategy & Growth ad interim while we finalize our search for our future Chief Strategy & Growth Officer, who will join the ECN.

Third, to drive productivity and create a strong technology and operational foundation for the company, we're globally integrating our G&A functions, including Finance, P&O, ERC, and Legal. We're also bringing together a new Operations unit that combines Technical Operations and parts of Customer & Technology Solutions, which will be led by Steffen Lang, President, Operations, who will remain on the ECN.

Together, these changes will unleash us to reach the top 5 in the US by sales, maintain our leadership in international markets, enable us to deploy leading technologies faster, and increase our competitiveness in the industry with above-peer-median sales and profit growth, generating savings of over \$1 billion by 2024.

These high-level changes, which are effective immediately, impact certain members of the ECN. I would like to extend my deep gratitude to Susanne Schaffert and Robert Weltevreden for their invaluable contributions to Novartis and patients. Susanne has been a dedicated leader at the company for 25 years and has played a pivotal role in building our strong position in Oncology. Over the last four years, Robert has led a successful transformation of our business services and technology operations and helped create a high-impact Customer & Technology Solutions unit. I wish them the very best in their future endeavors.

In addition to changes related to our organizational structure, John Tsai, President, Global Drug Development and Chief Medical Officer, has decided to step down effective May 15, 2022. I'd like to thank John for four extraordinary years at the company, for his contributions to strengthening our pipeline and culture, and for his leadership on the ECN.

Shreeram Aradhye, M.D., will rejoin Novartis as President, Global Drug Development and Chief Medical Officer, effective May 16, 2022. He will bring significant experience in global clinical development of innovative medicines across therapeutic areas and innovative therapeutics, and I look forward to working with him again and welcoming him back to the company. You can read about these and other leadership updates [here](#).

While we are sharing many changes today, core elements of Novartis remain. Our purpose and our strategy continue to guide us in our important work for the world. We aim to minimize disruption to our customer-facing teams, R&D teams, and manufacturing teams. Our focus on performance and execution will be enhanced,

with continued prioritization around delivering excellent launches, improving R&D execution, and returning Sandoz to growth. And our culture will support us through the change process, as it has continued to support us throughout the pandemic.

I understand today's announcement will create uncertainty for many. Starting today, we will post regular updates on [OneNovartis](#) as they become available. It's also clear associates will be impacted by these changes. We will ensure all our people are treated with compassion and in ways that align with our culture and our Values & Behaviors. As we realize our future state, please continue to stay focused on our higher purpose to deliver medicines to the hundreds of millions of patients who depend on us.

Today at 15:30 CET, we'll be holding a [Global Webcast](#) during which we'll discuss these strategic decisions and look toward what promises to be an exciting future as we continue Reimagining Medicine together. Please prioritize joining the event today.

Sincerely,
Vas

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