

Mahajan, Vinay

From: Communications, Novartis (Gen)
Sent: Friday, June 29, 2018 11:29 AM
To: Mahajan, Vinay
Subject: Letter to associates from Joerg Reinhardt, Chairman of Novartis



Letter from the Chairman

June 29, 2018

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Dear Colleagues,

With the planned spinoff of Alcon, which we have announced today, we are taking another important step in our business portfolio transformation. I would like to take this opportunity to look back at some of our achievements over the past few years and share with you the perspective of the Board of Directors with regard to our future.

In many ways, we are a different company from 2014, when we embarked on our path to reshape Novartis. We have streamlined our portfolio and our organizational structure, rejuvenated our top management and paved the way for a culture change to become more courageous, more collaborative and innovation-minded.

We have a strong strategy and mission and do many things well. With our recent divestments, strategic add-ons and partnerships, our focused portfolio allows us to tap better into growth markets. Our research and development efforts are well advanced, and we are among the leaders when it comes to the production and delivery of complex therapies.

Thanks to our efforts to centralize our global service, production and development activities, we are becoming a leaner and more agile organization. We are becoming One Novartis. As a result of your dedication and hard work, for which I want to thank you, we are collaborating more intensively than in the past and are determined to tear down the many silos that have prevented us from fully harnessing our strengths.

Over the past few years, the Board of Directors has paid a lot of attention to helping develop and attract top leadership talents. I believe that we have a great executive team in place today that can guide Novartis to a prosperous future. Our CEO Vas Narasimhan and his colleagues are working hard to create an environment of true empowerment and responsibility that can unleash the full potential of our company.

That said, we have important opportunities to transform our company, which we are now embarking on. Compared to our peers, our profit margins are not where they should be. We need to keep on taking out costs, seize on synergies when they arise and make our processes more efficient by using state-of-the-art technology. Likewise, we must stay disciplined when it comes to allocating funds. Being efficient and cost-conscious helps us to fulfill our purpose and invest in innovation.

We are also on an important journey to establish our reputation as a trusted leader in healthcare. Like all of you, I am deeply disappointed by the recurring compliance issues, which are casting a shadow over the great work done by Novartis day in and day out.

We all know that words alone are never enough to mend the ties with a critical public.

We are judged by our actions alone. So let's keep focused on our work, comply with the highest ethical values, and excel through our results. This is what we are here for.

The great medical advances that we produced in the past few years should speak for themselves. I am convinced that, if we remain humble, cultivate a down-to-earth atmosphere and continue the good work we have started, we can achieve the ambitious goals we have set ourselves.

Thank you for your support and dedication.

Yours sincerely,

Joerg Reinhardt

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