



Sustainability Report 2009

Novartis Basel Sites

About Novartis

Novartis is one of the world's leading providers of innovative pharmaceutical products. Active in more than 140 countries, the concern is strongly established in Switzerland where, as the country's leading health care company, Novartis makes a significant contribution to the national economy. At the same time, Novartis contributes substantially to the common good in that our products offer relief from suffering, improve health and prolong lives.

As a highly innovative organization, Novartis has the advantage of a business model based on intensive research, target-oriented development, and many years of experience. These components play a prominent role in the future prosperity of the company as well as in Switzerland.

“Novartis wants to be known for being a responsible corporate citizen. We do everything we can to operate in a manner that is sustainable: economically, socially, and environmentally – in the best interest of long-term success for our enterprise.”

The Novartis Corporate Citizenship Policy (2001) constitutes an important foundation for the operations at the Basel Sites (St. Johann headquarters, Klybeck, Rosental and Schweizerhalle) which primarily include research, development, production and distribution of pharmaceutical products, as well as various headquarter functions.

In the year 2009, Novartis employed 9,400 associates at the Basel Sites.



Patient Centricity

Sustainability includes not only the responsible use of energy, resources and finances, but also purposeful application of all human resources in service of those suffering from illness. This is where Patient Centricity enters the picture.

Mr. Eugster,* how does Novartis view Patient Centricity?

The aim of this initiative is to have our patients more than ever as the starting and focal point of all our considerations and efforts. Our explicit message is: “We must always remember that the needs of patients constitute the sole foundation of our daily affairs.”

Patient Centricity addresses the question of what helps our patients. In order to answer that, it is necessary – just as one example – that our specialists in Research & Development have more time to attend yet more intensively to the concerns and needs of those suffering from illness. This also means increasingly concentrating on core areas. In keeping with an integrated approach, wasteful processes will be identified and eliminated in order to free up additional resources for primary responsibilities.

Is that primarily about the effectiveness of medications?

It's about an integrated and sustainable initiative. This goes beyond researching and producing the most effective medications possible. We also integrate the management of packaging, the dosage and administration of

medications, as well as other aspects and considerations.

How does this process work in practice?

In our approach, everyone is involved, even at the highest levels of management. The goal is to coordinate our thoughts and actions under the sole principle of developing medications that enable patients to heal or optimize their quality of life.

Where is this initiative today?

We are already conducting events where associates meet with patients. Every year, around 100 of these events take place within the framework of Welcome Days, where we welcome our new associates. In addition, we produce video clips in which patients speak about their illnesses, their needs, and their hopes for future medications. These events generate new ideas and inspiration and as a result, new values and incentives are brought into the foreground.

Furthermore, we do our utmost to make our internal processes and provision of services as efficient as possible, so that our associates have optimal time available for continuing the research and development of new, innovative medications.

*Christian Eugster, Head Site Affairs & Special Projects

Health Management

After some years of continuous reduction in the number of workdays lost due to accidents and illness, 2009 saw a slight rise. As a consequence, target-oriented concepts are being developed.

Novartis has developed its own Care Management concept to reduce absenteeism due to illness. Scientific studies show that an accumulation of short-term absences can be an early indicator of long-term illness. Care Management stipulates that superiors conduct personal interviews with those at risk in order to identify possible needs for support and together map out appropriate measures to be taken. Furthermore, the concept makes provisions for specific care for associates at risk of falling ill, or already suffering from long-term illness or disability. The goal is to support our associates individually in their recovery process and to provide them with the chance for optimal reintegration.

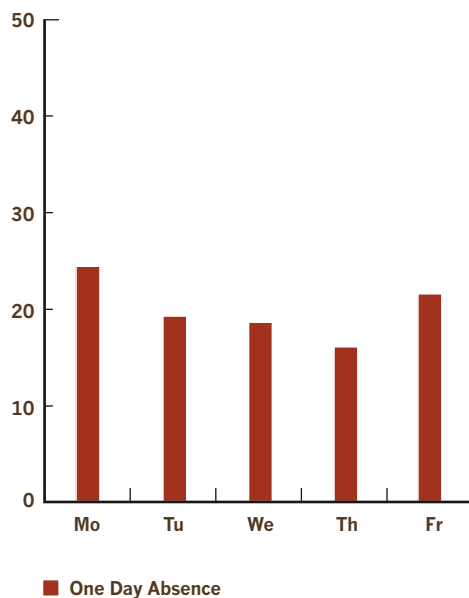
General promotion of health is considered a top priority. Novartis strives to raise awareness of health with regular check-ups; and in the case of excess stress, coaching or medical care is offered. Additionally, we actively encourage early detection of illness, as well as improvement of personal fitness for all associ-

ates. In support of optimal fitness, Novartis offers a wide variety of sports activities, as well as membership in our in-house fitness center.

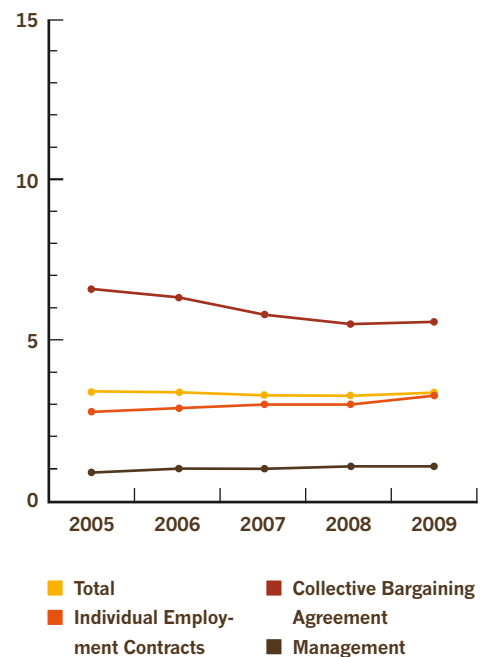
In order to further reduce the already low rate of work-related accidents, innovative ideas are in demand. The concept of “Behavior Based Safety” emphasizes the associate’s own attitude and conduct. Each individual must assume more responsibility for their own safety, as well as accept a certain degree of responsibility for their colleagues by also alerting them to potential dangers. The concept is based on the fact that most accidents are due to human error rather than faulty technology. As a result, all associates are urged to be more attentive, to break routines, to question automatic procedures, and to communicate more intensively with one another. In order to address individual target groups, a spectrum of media will be used, with the motto, “Avoiding Accidents Makes Friends.” These will be tailored to the particular requirements of the lab, production or office.

Promoting the health of employees is also a matter of leadership. Tools for managing absences include: back-to-work interviews, long-term absence case management, health promotion and accident prevention.

Short-Term Absence by Weekday in %



Absentee Rate in % of Target Work Hours



Waste and Resource Management

The reduction of waste, energy consumption as well as greenhouse gases are top priorities at Novartis. To that end, waste and resource management is continually being improved.

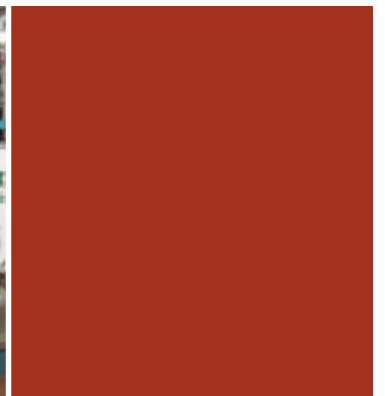
Novartis considers the reduction of waste and the optimization of all resources an ongoing responsibility. Our goal for 2009 was to reduce the specific volume of waste by 5% per kilogram of manufactured product. Our focus was on increasing the recycling of waste solvents and reducing the quantity of waste fluids, which were previously incinerated at high energy expenditure. As a consequence, fluid waste resulting from the production of market-leading blood pressure medication Diovan® is now almost entirely recycled in Novartis-owned facilities. Substances that may be harmful to the aquatic environment are now being removed from the waste fluid, so that the resulting water can be channeled to the wastewater treatment plant for disposal. The specific volume of waste could therefore be reduced by 6% in 2009.

Despite these efforts, where thermal disposal cannot be avoided, the energy content of the substances is used for the production of heat and electricity. Approximately 40% of

heating and 10% of electricity requirements of the Basel Sites are produced in this way, which corresponds to the equivalent of 340 oil-fuel-filled rail tankers. This will significantly reduce the CO₂ emissions.

Another focal point is the management of resources, where our objective is to use the smallest quantity of raw material possible per kilogram of product. The central focus here is on scrutinizing the production processes of new active agents before these enter large-scale production. The concept ensures that recycling and waste management are developed already at the early development stages of active agents with high potential. These processes can then be implemented without delay once the product has reached a certain level of production capacity. Non-recyclable solvent mixtures are being eliminated and replaced in order to allow for recycling at a later stage. Implemented in 2008 and 2009, the concept is founded on the expertise of process development specialists who rigorously test new procedures aimed at reducing emissions and waste.

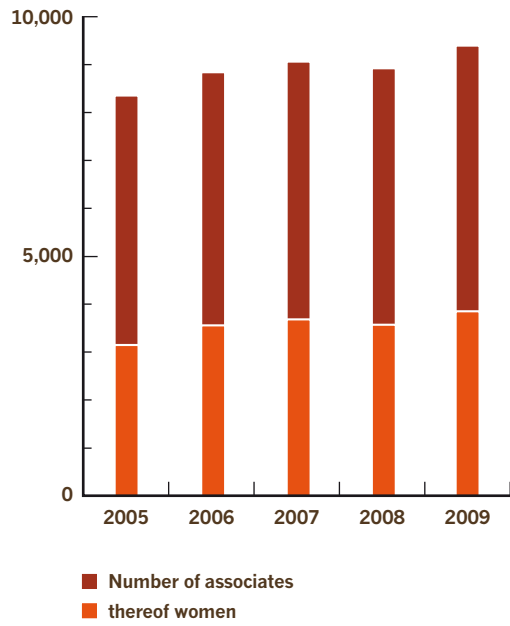
These sophisticated waste avoidance and recycling concepts will continue to be developed systematically in the future in order to further improve the cost-effectiveness and sustainability of our production processes.



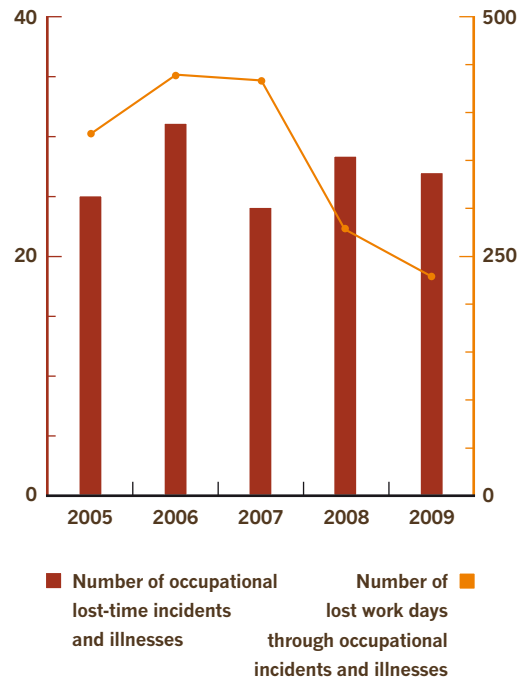
Key Figures

Personnel	2009
Number of associates	9,400
thereof women	3,857
women in management	558
associates in Research and Development	4,992
part-time associates	961
apprentices	306
Age distribution	
under 30	1,605
thereof women	800
30–50	6,135
thereof women	2,571
over 50	1,660
thereof women	486
Number of nations	94
Safety	
Number of occupational lost-time incidents and illnesses	27
Number of non-occupational lost-time incidents and illnesses	462
Resources	
Total energy consumption (TJ)	1,464
Water (process and cooling water in million m ³)	16.46
CO₂ Emissions (t)	
Scope 1 (heating and processes)	4,167
Scope 1 (vehicles)	5,342
Scope 2 (energy, purchased)	71,841
Exhaust Air Emissions (t)	
NO _x	4.0
SO ₂	0.01
VOC halogenated	0.14
VOC non-halogenated	22.0
Emissions into the Water	
Industrial wastewater (m ³)	683,713
DOC (t)	39.2
Heavy metals (Cr, Cu, Zn, Ni, Pb in t)	<0.1
Total nitrogen (t)	15.7
Waste (t)	
Hazardous waste, excluding building rubble	45,040
thereof recycled combustible hazardous waste	16,702
Industrial waste, excluding building rubble	3,793
thereof recycled industrial waste	2,384
Production (t)	
Production volume Chemical Production	1,735

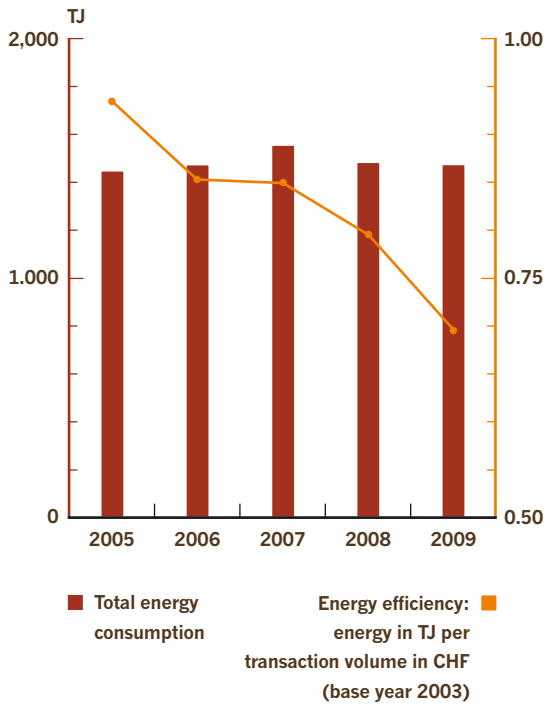
Personnel



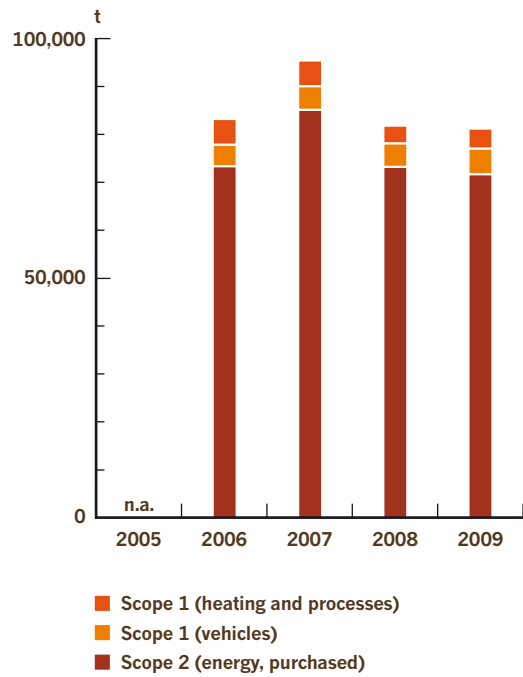
Safety



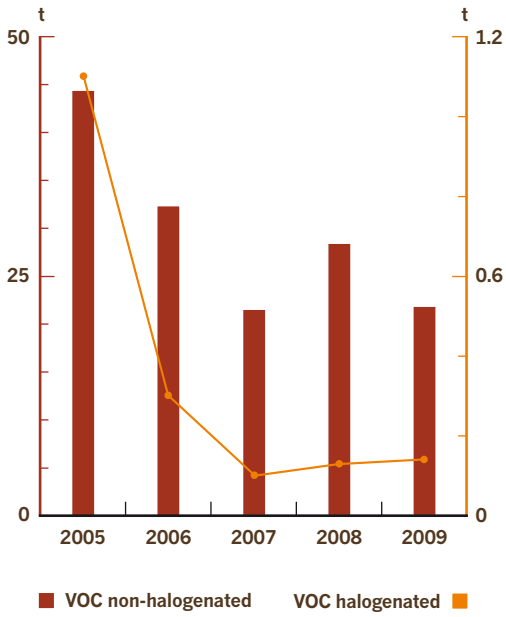
Resources



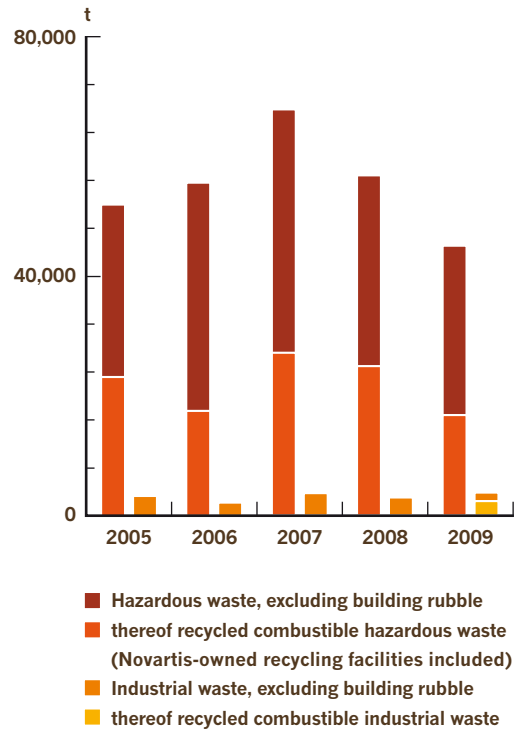
CO₂ Emissions



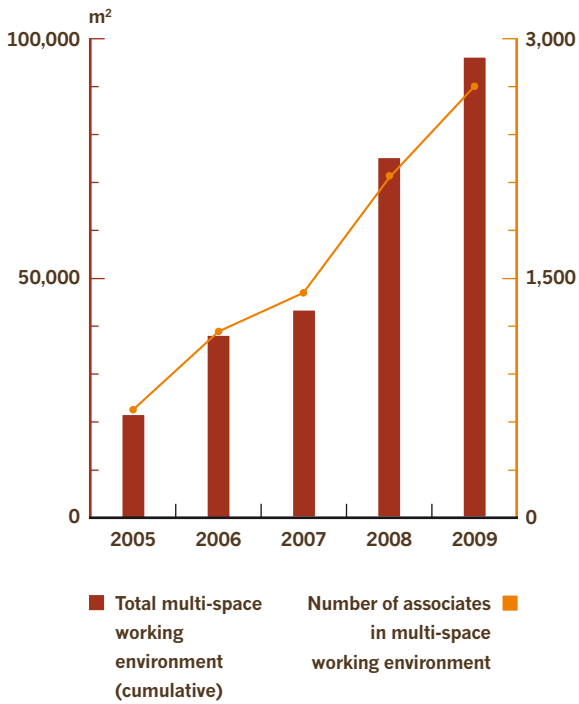
Exhaust Air Emissions



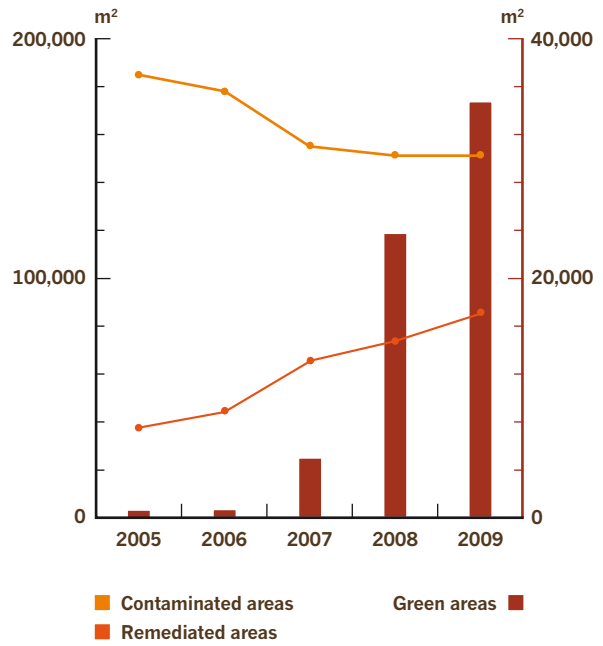
Waste



New Working Environment



St. Johann Area



Achievement of Objectives 2009

Occupational Accidents

No more than 0.325 occupational incidents and illnesses involving one day or more off work per 200,000 hours worked.

With the result of 0.31 occupational accidents, our objective was reached. This achievement is partly attributable to the introduction of our new “Behavior Based Safety” accident prevention concept to all associates.

Energy

A 7.5% improvement in energy efficiency during 2007–2009; corresponding to energy savings of 30,000 MWh derived from targeted projects.

In the year 2009 alone, energy savings totaling 21,749 MWh were achieved due to the implementation of numerous small and large-scale energy savings projects. As a consequence, the total energy savings between 2007 and 2009 amounted to 45,803 MWh, which corresponds to an 11.5% improvement in energy efficiency. Our objective of a 7.5% improvement, corresponding to energy saving of 30,000 MWh, was therefore clearly surpassed.

Health Management

The absentee rate should be further reduced in the future through more effective health promotion, prevention campaigns and Care Management.

Unfortunately the absentee rate did not decrease in 2009, but instead rose slightly. This was partly due to the two influenza outbreaks at the beginning and the end of the year. A reversal of this trend is anticipated following initiatives introduced in 2009, such as absence management and back-to-work interviews, as well as the implementation of Case Management for long-term absences.

Waste

Implementation of additional measures to achieve improvements in hazardous waste efficiency.

The specific volume of hazardous waste – that is, the volume of hazardous waste per kilo of manufactured product – was reduced by 6% in 2009. Additional measures to increase hazardous waste recycling are being planned for 2010. Furthermore, the volume of non-recyclable domestic waste was reduced in 2009 by 9%, thereby surpassing internal objectives.

Objectives for 2010

Occupational Accidents

No more than 0.20 occupational incidents and illnesses involving one day or more off work per 200,000 hours worked.

Energy

A 14% improvement in energy efficiency during the period 2007–2010, corresponding to energy savings of 56,000 MWh derived from targeted projects.

Health Management

A further reduction in the absentee rate through more effective health promotion, prevention campaigns and Care Management.

Waste

Implementation of additional measures to achieve improvements in hazardous waste efficiency.

Contact

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This document is also available in German.

