Reporting Criteria for Novartis in Society Integrated Report (NiS) 2023

NOVARTIS | Reimagining Medicine

NOVARTIS | Reimagining Medicine

Introduction

The focus of this document is to support our stakeholders in understanding the underlying nature of the environmental, social and governance (ESG) performance indicators disclosed within the Novartis in Society Integrated Report 2023.
This includes further detail on the definition, methodology and assumptions used, as well as applicable scope and exclusions.

Our reporting suite

Annual Report	Novartis in Society Integrated Report 2023	Novartis ESG Index

Basis for reporting

This document provides definitions and methodologies for key ESG performance indicators in the Novartis in Society (NiS) Integrated Report 2023. Our annual reporting period is from January 1, 2023, to December 31, 2023.

The Novartis in Society Integrated Report is prepared in alignment with the Integrated Reporting Framework, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures, the Sustainability Accounting Standards Board (SASB) – all three of which are now under the IFRS Foundation – the latest non-financial standards published by the Global Reporting Initiative (GRI), the Greenhouse Gas Protocol as well as in compliance with Art 964 of the Swiss Code of Obligations.

For disclosures relevant to our ‘sustainability-linked bond’, we follow the terms and conditions as outlined within the Final Listing Prospectus, dated September 21, 2020, for “Patients reached with strategic innovative therapies” and the “Patients reached through flagship programs” ESG performance indicators.

In addition, we take certain other internal principles and guidelines into account, including the Novartis Code of Ethics. We also have established procedures for gathering, collecting, and aggregating data for the ESG performance indicators.

Unless otherwise indicated, we use the same boundary as for the consolidated financial statements presented in our Annual Report for Environmental, Social and Governance indicators. Exception to this principle include energy use, Scope 1 and 2 emissions, other air emissions, water use and waste where Novartis has operational control and applies the operational control boundary as per the Greenhouse Gas Protocol. The detailed scope of our reporting by indicator is outlined in the sections below.

Furthermore, unless otherwise stated, performance indicators – including comparative years presented in the data tables – exclude our former Sandoz generics and biosimilars business, which was spun-off from Novartis on October 4, 2023. Details of the assumptions taken for the data separation are outlined in Appendix 1.

We fully integrate acquired entities or businesses into our ESG performance indicators data collection according to the integration plan.

General principles

Reporting frequency

We gather ESG data internally on a monthly, quarterly, or annual basis, depending on the type of indicators, and report publicly on an annual basis in the Novartis in Society Integrated Report.

Data sources and systems

Our objective is to design and implement non-financial data reporting processes, procedures, data, and systems to report ESG data to the same level of reliability and relevance as for our financial data. Our ESG data reporting processes, procedures and systems are evolving, and we continue to work to align data recording and reporting methods throughout our reporting units and global functions. Data sources and systems for each ESG performance indicator are outlined in the tables below. We will continue to work on and invest in enhancing our ESG data processes, procedures and systems, as well as governance over ESG data, to continuously improve the quality of our data and to meet the evolving regulatory requirements.

Misstatements, corrections, and restatements

We make every effort to capture all information as accurately as possible. Unless otherwise stated, the indicators disclosed are based on actuals data during the 12 months of the reporting year. Unless stated otherwise, for environmental indicators, data for 2023 is based on actual January-September performance data, plus estimates for October-December. During the following year, the fourth quarter estimates are updated with actual ESG data, and this twelve months actual restated data is published as the comparative figures in the following reporting year.

Any data that is subsequently found to be materially in error or the twelve months actuals restatement for environmental indicators leads to material differences, is clearly indicated in the following year's disclosures.
Materiality is assessed by indicatory category and based on management judgment of what we believe would impact the decision of the users of our ESG data. If an error or correction is deemed material, the respective data is restated in the following year's report and for purposes of baselines and trend analysis.

Verification/assurance

Independent limited assurance is provided by KPMG AG for the current reporting year 2023 on the performance indicators on pages 81-85 of the Novartis in Society Integrated Report. The limited assurance engagement is conducted in accordance with International Standards on Assurance Engagements ISAE 3000 (Revised (ISAE 3000 Revised)) and with International Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) and is published as part of the Novartis in Society Integrated Report.

ESG indicators – definitions, methodologies and assumptions

Innovation

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Projects entering development pipeline	Projects with an initial study start within confirmatory development, meaning "Innovation Management Board (IMB) projects" with an approved IMB tollgate, in phase IIb onward or equivalent, which have already achieved first patient, first visit (FPFV). Unit of measure: number of projects entering confirmatory development during the reporting year	The list of IMB projects forms the basis of this indicator. Projects on this list entered confirmatory development during the reporting year, are in phase IIb onward or equivalent, and achieved FPFV. FPFV information is extracted from Horizon via Andromeda. The IMB is an official Novartis governance board that decides on the R&D project pipeline.	Includes projects from internal R&D activities and acquired and in-licensed projects (excluding option-deals).
Ongoing Phase III programs	Defines projects with FPFV in a Phase III study but not yet filed in the US, EU, Japan, or China. A Phase III study is when the safety and effectiveness of the new treatment is evaluated against the current standard treatment. Unit of measure: number of projects with FPFV in a Phase III study but not yet filed in the US, EU, Japan, or China during the reporting year	The externally disclosed pipeline information is reviewed by each Development Unit and updated each quarter; the list of Phase III is updated accordingly as part of this process. Terminated projects get removed from the pipeline tables and external Investor Relations report. A Phase III project is considered terminated when the associated governance body (IMB) has endorsed termination. New projects are disclosed as Phase III if they have achieved FPFV in that phase or where the Phase III start is imminent. FPFV information is extracted from Horizon via Andromeda.	Scope is as consistent with that of investor relations reporting and publicly disclosed information on novartis.com pipeline. For this performance indicator, the Q4 update is used.
US FDA breakthrough therapy designations	Number of *breakthrough therapy designations* granted by the *US Food and Drug Administration* for therapies under development by Novartis. Unit of measure: number of US FDA breakthrough therapy designations granted during the reporting year	Data collected via Regulatory Affairs' monthly dashboards (internal) and the designation tracker (based on Health Authority letters).	Includes the full Novartis portfolio (global scope across all platforms).
Submissions • Submissions (US, EU, Japan, China)	Includes *submissions* of small molecules or biologics that contain active moieties that were not previously approved, or that have new fixed-dose combinations of existing active pharmaceutical ingredients (API),	Data collected via Regulatory Affairs' monthly dashboards (internal) and the submission/approval tracker (based on Health Authority letters).	Excludes submissions outside the US, EU, Japan and China.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	new target indications defined as a new disease, a new line of treatment (e.g., first line vs. second line) or extended patient population (e.g., pediatric) in the *US, EU, Japan* or *China*. Unit of measure: number of submissions in the US, EU, Japan or China during the reporting year		Excludes submissions for new route of administration, formulation to improve convenience for patient (e.g., vial to autoinjector) or diagnostics agents (e.g., Locametz).
Approvals • Approvals (US, EU, Japan, China)	Includes *approvals*, of small molecules or biologics that contain active moieties that were not previously approved, or fixed-dose combinations of existing APIs, new target indications defined as a new disease, new line of treatment (e.g., first line vs. second line) or extended patient population (e.g., pediatric) in the *US, EU, Japan* or *China.* Unit of measure: number of approvals in the US, EU, Japan or China during the reporting year	Data collected via Regulatory Affairs' monthly dashboards (internal) and the submission/approval tracker (based on Health Authority letters).	Excludes approval outside the US, EU, Japan and China. Excludes approvals for new route of administration or formulation to improve convenience for patients (e.g., vial to autoinjector) or diagnostic agents (e.g., Locametz).
New molecular entity (NME) approvals	Defines first approval of small molecules or biologics that contain active moieties that were not previously approved. In the EU, it also includes new fixed-dose combinations of existing APIs. Unit of measure: number of NME approvals during the reporting year	Data collected via Regulatory Affairs' monthly dashboards (internal) and the submission/approval tracker.	Excludes approvals of fixed-dose combinations of existing APIs outside the European Union.
Investment in R&D for malaria and neglected tropical diseases (NTDs)	Novartis has committed to invest USD 250m to advance Research & Development for malaria and neglected tropical diseases (NTDs) over 5 years from 2021 to 2025. The investment is defined as all projects related to next generation *antimalaria*ls, a new formulation for babies under 5kg and *neglected tropical diseases (NTDs)* with a focus on, but not limited to, the four disease areas of Chagas, Dengue, Leishmaniasis and Cryptosporidiosis. Unit of measure: costs incurred for malaria and NTDs research projects in millions USD during the reporting period	Data collected from Development (Horizon system) and Biomedical Research (Workbench system).	Excludes product donations for Leprosy or any other product to the World Health Organization (WHO).

Product quality and patient safety

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
GxP audits • Total audits executed	*Internal* audits represent audits conducted by Novartis quality auditors at facilities owned by Novartis. Unit of measure: number of completed internal audits *External* audits represent audits conducted by Novartis quality auditors at GxP suppliers to Novartis. GxP stands for "Good x Practice" with the "x" representing the respective guidelines and regulations (e.g., GMP – Good Manufacturing Practice). Unit of measure: number of completed external audits	Data is collected via the internal databases AQWA/1QEM.	Includes Novartis quality audits completed during the reporting year. Excludes any other type of audits such as financial or compliance audits.
Regulatory authorities • Inspections	*Inspections* are performed by various health authorities. Unit of measure: number of completed inspections during the reporting year	Data is collected as soon as feasible via the internal database AQWA.	Includes all inspections performed and completed by various health authorities at facilities owned by Novartis during the reporting year.
• Inspections found to be acceptable	*Inspections found to be acceptable* are all inspections that meet the internally defined outcome classifications of not applicable, good, satisfactory or needs improvement. An acceptable inspection outcome allows Novartis to continue operating while remediating the findings (if any). Unacceptable inspections are defined as having an unsatisfactory outcome. Unit of measure: percentage of completed inspections found to be acceptable (in %)	Data is collected as soon as feasible via the internal database AQWA.	
Recalls • Total recalls	A recall can be triggered by various stakeholders and is classified according to the risk of the defected product to the patient: • *Class I recall* – there is a reasonable probability that the use of or exposure to the defective product may cause serious health consequences or may be potentially life threatening.	Recalls are counted at each time Novartis takes the decision to initiate a recall. Data is collected via the internal databases AQWA/1QEM.	Recalls include any type of Novartis product recalls (mandatory, requested or voluntary) and cover approved medicines and investigational treatments undergoing clinical trials. A recall can cover various countries.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	• *Class II recall* – use of or exposure to the defective product may cause temporary or medically reversible health consequences; the probability of serious health consequences is remote. • *Class III recall* – use of or exposure to the defective product is not likely to cause adverse health consequences; a recall may be initiated for other reasons. Unit of measure: number of recalls and recalls by recall classes I, II or III during the reporting year		

Supply chain

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Suppliers risk assessed	During onboarding, new suppliers are subject to a risk assessment. This also applies to existing suppliers of new products, services and sites. The respective Novartis business owner fills out a questionnaire and based on the answers provided, a *supplier risk assessment* is triggered according to an embedded risk matrix (type of spend and country). Unit of measure: number of risk assessments on suppliers performed and completed during the reporting year The assessments cover the following *risk areas*: *anti-bribery; animal welfare; health/safety and environment; information security and data privacy; labor rights and quality GMP.* Unit of measure: number of risk assessments on suppliers performed and completed by risk area during the reporting year	The total number of suppliers risk assessed is aggregated in the supplier onboarding system, External Partner Risk Management system (EPRM). A single supplier can trigger more than one risk assessment, depending on the number of risk areas identified with that given supplier.	Not all suppliers trigger a detailed risk assessment. The trigger is based on the outcome of each supplier's respective onboarding questionnaire. Assessments expire after 36 months and are subsequently retriggered.
Actions taken • Suppliers audited	Depending on the outcome of the detailed risk assessment, an *audit* of the supplier may be triggered.	The total number of suppliers audited is aggregated in the supplier onboarding system (SNOW for labor rights and HSE) and manually	

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: number of supplier audits undertaken during the reporting year	collected from the Third-Party Anti-Bribery Audit team.	
• Suppliers with remediation action agreed	In some cases, the risk assessment result requires *remediation actions to be agreed* upon with the supplier. Unit of measure: number of remediation action agreed during the reporting year by type of action	Total number of agreed remediation actions with suppliers is recorded and aggregated in the external partner risk management system (EPRM).	
• Supplier engagement stopped due to risk assessment outcomes	In cases where no remediation actions can be agreed with the supplier, the *supplier engagement is stopped*. Unit of measure: number of supplier engagements stopped during the reporting year	The total number of supplier engagements stopped is aggregated in the supplier onboarding system, External Partner Risk Management system (EPRM).	
Human and labor rights • Non-compliance cases	Supplier-related human and labor rights *non-compliances cases* are defined as the number of Corrective and Preventive Actions (CAPAs) identified and agreed with suppliers during a human and labor rights assessment. We distinguish between the categories of prohibition of child labor and protection for young workers, freely chosen employment, non-discrimination, prohibition of harassment/harsh or inhumane treatment, fair contracting, wages & benefits, working hours & excessive overtime, and freedom of association and right of collective bargaining. Unit of measure: number of Corrective and Preventive Actions-related human rights non-compliances cases (VRT) identified and agreed with suppliers during the reporting year	Supplier-related human and labor rights risks assessments (VRA) are initiated through the same process as the External Partner Risk Management process. Each such VRA is handed over to the human rights team for analysis and assessment. Each analysis can trigger zero (in the event that no incidence of non-compliance is identified) or various follow-up tasks (VRT) in nine categories representing a confirmed non-compliance risk. Against each VRT, a Corrective and Preventive Actions (CAPA) is defined including a due date for remediation. The cases are documented in our internal platform SNOW.	New or existing suppliers of new products, services and sites are subject to a risk assessment, which includes human and labor rights. Assessments expire after 36 months and are subsequently retriggered.
• Corrective and preventive actions remediated	Human and labor rights C*orrective and Preventive Actions (CAPAs) remediated* is calculated as the percentage of closed/completed CAPAs against the total number of CAPA plans agreed with suppliers related to the remediation of human/labor rights issues identified during the assessment (desktop or on-site). Unit of measure: percentage of CAPAs closed/completed over the total number of human rights non-compliances cases identified and agreed with suppliers during the reporting year	The indicator is calculated taking into account the number of CAPAs remediated that were raised during the reporting year. Open CAPAs from the previous years continue to be remediated and monitored with progress reported internally.	

Environment

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
New products meeting sustainable product design criteria	For a new product development project to meet the sustainable product design criteria, the product, including all drug components, devices and packaging, must be systematically designed to minimize its environmental impact (required natural resources and impact on the ecosystem) over the final product's lifecycle. Novartis considers that sustainable design principles have been applied if there is environmental sustainability (ES) optimization impact on at least one major product attribute or production process step versus a previous version of the same product or a comparable benchmark. An ES optimization impact can cover a single attribute or process step within a drug substance, drug product, medical device, packaging, or multiple dimensions at the same time. Unit of measure: percentage of projects meeting sustainable design criteria over the total number of projects in the late IMB pipeline	The progress of this indicator at the end of the reporting period is calculated as the share (in %) of ES optimized projects from the total number of projects in the "Late IMB Pipeline" (which is the late-stage project portfolio overseen by the Novartis Innovation Management Board (IMB)). The IMB is an official Novartis governance board that decides on the Novartis R&D project pipeline. The IMB's portfolio covers prioritized new products ranging from preclinical up to registration/approval and includes Biomedical Research and Development assets. Projects no longer count in this indicator once they exit the IMB portfolio, independent of whether a project is terminated or launched successfully.	Examples for "major product attributes" include the selection of raw materials, excipients, packaging & device materials from more sustainable sources, closing circular economy loops by using recovered & recycled materials, increasing recyclability of the product or production waste, and optimized end-of-life handling of the product. Examples for "production process steps" include more efficient production technologies (improved yield, lower energy/material consumption) in single or various production processes (e.g., synthesis and process design in small molecule production, and up- and downstream processing in large molecule production) and optimized supply chain and logistic set-ups.
% of supplier emissions covered by contracts that include environmental criteria	Novartis formalizes its environmental sustainability (ES) expectations toward its suppliers through the incorporation of ES criteria into supplier contracts. ES criteria are included through either an ES Criteria Annex or Third-Party Code (TPC version 3), which is part of the standard Novartis terms and conditions. The ES Criteria Annex can be incorporated either as a supplementary document to the existing formally written supplier contract or through a new or renewed contract that already contains it as standard. The share of Novartis suppliers that have signed off the ES criteria is defined as their share of supplier related Novartis Scope 3 emissions in the previous reporting year.	ES Criteria supplier signatures are monitored via a SharePoint-enabled tracker that covers the prioritized suppliers for which a standalone ES Criteria Annex (via proactive engagement) has been signed. New or renewed contracts including the ES criteria Annex are not monitored through this tracker and will be monitored through a procurement system. The emissions allocated to a given supplier are based on the emissions calculated for that supplier in Scope 3 categories applicable to their respective activity (type of supply). The methods of calculation of Scope 3 categories are aligned with the GHG Protocol (refer also to the section below on Scope 3).	The contribution towards this indicator from new suppliers and suppliers that have renewed contracts that include the ES criteria are not included.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: Scope 3 emissions allocated to suppliers having agreed to the ES criteria in % of total supplier related Scope 3 emissions at the end of the previous reporting period	Suppliers that have not signed the ES Criteria are still required to comply with the Third-Party Code.	
Energy use • Energy use – on site and purchased	*Energy used* that is either *generated on site or purchased* is measured as the consumption of power, steam, heat and fuel (including natural gas, wood, diesel and coal oil). Unit of measure: energy use generated on site and purchased in million GJ during the reporting period	Energy use is based on meter readings and invoices, including stock counts (e.g., for diesel oil, wood etc.) and reported through our internal Health & Safety system, HSE net. The reported amount of energy used represents nine months of actual data (from January to September), plus the estimation for the fourth quarter (from October to December). The estimation is made based on foreseen consumption and the prior year's operating experiences.	De minimis criteria have been established for non-manufacturing sites that do not contribute to more than 0.1% of the Novartis energy consumption. Sites considered de minimis are reviewed annually. Energy use for de minimis sites is estimated by multiplying the site's total number of FTEs (Novartis employees and third parties) by the average energy use. The average use has been calculated using primary data from similar Novartis locations.
• Purchased renewable energy	*Purchased renewable energy* is part of total energy use. Novartis has aligned with definitions used by the global initiative RE100 as to what constitutes renewable electricity (i.e., electricity generated from wind, solar, geothermal, sustainably sourced biomass (including biogas) and sustainable hydropower). Unit of measure: purchased renewable energy during the reporting period in million GJ	Novartis has aligned with RE100 on the five recognized procurement types for renewable electricity: 1 Self-generation from facilities owned by the company 2 Direct procurement (contracts with generators) 2.1 Physical power purchase agreements (physical PPA) 2.2 Financial power purchase agreements (financial/virtual PPA) 3 Contracts with electricity suppliers 3.1 Project-specific supply contracts with electricity suppliers 3.2 Retail supply contracts with electricity suppliers 4 Unbundled procurement of energy attribute certificates (EACs) 5 Passive procurement 5.1 Default delivered renewable electricity from the grid, supported by EACs	In situations where Novartis does not procure electricity directly from the supplier (e.g., from a landlord), evidence is requested that demonstrates that the electricity is renewable (e.g., retail supply contracts and supporting renewable energy certificates). Amount disclosed represents the purchased renewable energy that is applied to Novartis own energy use. Actual purchases may be higher.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		5.2 Default delivered renewable electricity from the grid in a market with at least a 95% renewable generation mix, and where there is no mechanism for specifically allocating renewable electricity For a site to be reported as using renewable energy, this must be supported with evidence (e.g., EACs) that meets the RE100 criteria.	
• Renewable energy generated on site	*Renewable energy generated on* site is part of total energy use. Novartis has aligned with definitions used by the global initiative RE100 as to what constitutes renewable electricity (i.e., electricity generated from wind, solar, geothermal, sustainably sourced biomass (including biogas) and sustainable hydropower). Unit of measure: energy generated on site using renewable sources during the reporting period in million GJ	We assume that Novartis consumes all the renewable electricity generated on site itself. If EACs are issued, they are retired.	
Greenhouse Gas Emissions • Scope 1	*Scope 1* GHG emissions are comprised of direct carbon dioxide equivalent (CO_2e) emissions from sources that are owned or controlled by Novartis and are presented as the sum of CO_2e emissions from: • *Combustion & process* • *Vehicles* Unit of measure: Scope 1 GHG emissions in total and by respective category during the reporting period in thousand metric tons of CO_2 equivalents	Novartis follows the Greenhouse Gas protocol for accounting of Scope 1 emissions unless adjustments are needed to comply with regulatory requirements. The amount of Scope 1 emissions is reported through the HSE net system and represents nine months actuals, plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences. Scope 1 data for *combustion & process* is reported by multiplying the quantity of fuel used (collected from purchase and consumption logs and/or supplier invoices) by the respective fuels' emission factors. Novartis uses emission factors that have been published by the International Energy Agency (IEA) unless more accurate local factors are available when a different mix of fuels is used. Whenever possible, Scope 1 data for *vehicles* is reported by multiplying the quantity of fuel used	All sites where Novartis has operational control and generates Scope 1 emissions are included with no exclusions. Scope 1 emissions as disclosed represent the gross amount without considering any offsets.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		(collected through fuel consumption mileage reports supplied to Novartis by fleet management companies) by the standard emission factor for the respective fuels using the 2017 GHG protocol. In case fuel consumption data is not available, an estimate is made using an average distance driven per year for a medium sized car applying the emission factor for unknown fuel published by the UK Government in 2022.	
• Scope 2	*Scope 2* GHG emissions are comprised of carbon dioxide equivalent (CO_2e) emissions from purchased or acquired electricity, cooling, heat, hot water and steam, and are presented as the emissions generated from energy purchased: • *Market-based* • *Location-based* Unit of measure: Scope 2 GHG emissions market- or location-based during the reporting year in thousand metric tons of CO_2 equivalents Unit of measure: Scope 2 GHG emissions in total during the reporting year in thousand metric tons of CO_2 equivalents	Refer to indicator "Energy use – on site and purchased" for the data source and collection methodology. Novartis follows the Greenhouse Gas protocol for the accounting of Scope 2 emissions unless adjustments are needed to comply with regulatory requirements. The amount of Scope 2 emissions is reported through the HSE net system, and represents nine months actuals, plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences. *Scope 2 market-based*: total energy used is multiplied by supplier-specific emission factors. For electricity, the emission factors were obtained from Accenture in 2021 based on the latest available supplier data. If Market-Based Emission Factors are not available, Location-Based Emission Factors (LBEFs) are used. The LBEFs used are published by the International Energy Agency (IEA) for all countries except for the US, for which we use the US EPA eGrid data. The data used was published by the IEA in 2021 and by the US EPA in 2020. *Scope 2 location-based*: apart from electricity, total energy used is multiplied by location specific	All sites where Novartis has operational control and generates Scope 2 emissions are included with no exclusions. Scope 2 emissions as disclosed represent the gross amount without considering any offsets.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		emission factors. For electricity, the emission factors used are LBEFs. The LBEFs used are published by the International Energy Agency (IEA) for all countries except the US, for which we use the US EPA eGrid data. The data used was published by the IEA in 2021 and by the US EPA in 2020.	
• Scope 3	*Scope 3* GHG emissions are comprised of greenhouse gas emissions in carbon dioxide equivalent (CO_2e) across the value chain of Novartis, and may be presented in the following categories, depending on the annual review of their respective relevance, in accordance with the GHG Protocol principles: • *Purchased goods & services* • *Capital goods* • *Fuel and energy related activities* • *Upstream transportation and distribution* • *Waste generated in operations* • *Business travel* • *Employee commuting* • *Upstream leased assets* • *Downstream transportation and distribution* • *Processing of sold products* • *Use of sold products* • *End-of-life treatment of sold products* • *Downstream leased assets* • *Franchises* • *Investments* Unit of measure: total Scope 3 GHG emissions and breakdown by respective categories during the reporting year in thousand metric tons of CO_2 equivalents	In general, Novartis follows guidance for the calculation of Scope 3 emissions from the GHG Protocol and PSCI (Pharmaceutical Supply Chain Initiative). We present the information aligned with the GHG Protocol's categories. The amount of Scope 3 emissions is based on nine months actuals (if not indicated differently), plus the estimation for the fourth quarter based on foreseen activity and prior year's operating experiences. A mix of different calculation methods is used based on the availability of the relevant data: • primary (primary activity) Emissions/product carbon intensities received as primary data from suppliers are considered at their face values if declared as complying with recognized accounting standards: • secondary (secondary databases) • proxy data (e.g., Novartis spend defined via multiple categories such as Commodity Code Level 3 and country) Many calculations use a hybrid approach that combines all types of data to achieve the highest possible reliability. For some categories, we engage with WifOR Institute, a research and educational institution focused on ESG topics, to	Scope 3 emissions represent the total gross amount calculated in line with the GHG Protocol across all categories without considering any offsets. The relevance to Novartis of each category is assessed on an annual basis: • some categories may be considered not relevant in line with the GHG Protocol • relevant categories not separately disclosed are considered to contribute only minimally to the overall Novartis Scope 3 emissions

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		calculate respective emissions by supplier and country based on the Novartis spend. Novartis reviews calculation methods on an annual basis to leverage developments in higher quality data availability, and to continuously improve data reliability.	

Category 1 Scope 3 Purchased goods and services:
All upstream (cradle-to-gate) emissions related to the purchase of non-capital goods and services.

Category 2 Scope 3 Capital goods:
All upstream (cradle-to-gate) emissions related to purchased capital goods such as machinery, equipment etc.

Category 3 Scope 3 Fuel and energy related activities:
All upstream (cradle-to-gate) emissions related to purchased primary and secondary energy and transportation & distribution (T&D) losses related to the secondary energy.

Category 4 Scope 3 Upstream transportation and distribution:
Scope 1 and Scope 2 emissions of transportation and distribution service providers that occur during the use of vehicles and facilities for transportation and warehousing services purchased by Novartis, as well as upstream emissions of the respective energy. This category covers all services that are directly procured and paid for by Novartis.

Category 5 Scope 3 Waste generated in operations:
Scope 1 and Scope 2 emissions of waste management suppliers that occur during the disposal or treatment of all types of hazardous and non-hazardous waste produced by Novartis.

Category 6 Scope 3 Business travel:
Scope 1 and Scope 2 emissions of transportation carriers and hotel operators that occur during business travel by Novartis employees while using aircraft, rental vehicles, train, and hotel accommodation. Radiative forcing for air travel is also considered. Furthermore, this category covers the business travel by non-Novartis employees if arranged and paid for by Novartis based on contractual arrangements. It does not include employee commute.

Category 7 Scope 3 Employee commuting:
Scope 1 and Scope 2 emissions that occur during the use of vehicles for commuting purposes by Novartis employees (private and public transport not reported as Scope 1). This category also covers homeworking emissions related to the use of computers and the heating & cooling of Novartis employees' home offices.

Category 8 Scope 3 Upstream leased assets:
Scope 1 and Scope 2 type of emissions that occur during the operation of any leased assets by Novartis that are not included in Scope 1 and Scope 2 emissions of Novartis.

Category 9 Scope 3 Downstream transportation and distribution:
Scope 1 and Scope 2 emissions of transportation and distribution service providers and retailers that occur during the use of vehicles and facilities, for transportation and warehousing services purchased by Novartis customers (direct and indirect), as well as upstream emissions of the respective energy.

Category 10 Scope 3 Processing of sold products:
Scope 1 and Scope 2 emissions of downstream companies (customers) that occur during the processing of products sold to those companies by Novartis.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Category 11 Scope 3 Use of sold products: Direct emissions during the use-phase of sold products over their expected lifetime (e.g., Scope 1 and Scope 2 emissions that occur during the direct use of the product by the end users) or release of GHG from a product during its use. *Category 12 Scope 3 End-of-life treatment of sold products:* Scope 1 and Scope 2 emissions of waste management companies that occur during the disposal or treatment of products sold by Novartis. *Category 13 Scope 3 Downstream leased assets:* Scope 1 and Scope 2 emissions of entities leasing assets from Novartis that occur during the operation of such leased assets. *Category 14 Scope 3 Franchises:* Scope 1 and Scope 2 emissions of franchisees that occur during the operation of franchises. *Category 15 Scope 3 Investments:* Scope 1 and Scope 2 type of emissions of investees that occur during the operation of assets related to the respective investments, and that are not included in the investee's own Scope 1 and Scope 2.			
• Carbon offsets	*Carbon offsets* (Certified Emission Reduction (CER) credits) are produced by the Novartis forestry projects, which are owned and operated by Novartis. These credits are issued under the UN CDM (Clean Development Mechanism). Unit of measure: GHG emission offsets in thousand metric tons of CO_2 equivalents during the reporting period	The forestry projects are monitored by independent parties managed by an expert appointed by Novartis (First Climate). The expert ensures that best practices are followed, and that monitoring is conducted in accordance with the appropriate standards. For the current reporting year, we disclose the projection for 2023 as per the latest available monitoring report.	Carbon offsets are presented as a standalone indicator and are not deducted from any of the greenhouse gas emissions scopes (Scopes 1, 2 and 3). We expect that the UN CDM will be replaced by a new climate market mechanism under Article 6 of the Paris Agreement, and our ability to retire CER credits via our forestry projects may therefore be impacted. However, we would explore alternative ways to retire the CER credits.
Greenhouse Gas emissions intensity • Scope 1 and Scope 2 per million USD sales • Scope 1 and Scope 2 per full-time equivalent position (FTE)	Emission intensity is calculated as GHG emissions of Scope 1 plus market-based Scope 2 in relation to: • *Sales* • *FTEs* Unit of measure: GHG emissions (Scope 1 and Scope 2) per million USD sales during the reporting year Unit of measure: GHG emissions (Scope 1 and Scope 2) during the reporting year per FTE (full time equivalent position at the end of the reporting period)	These two intensity indicators are calculated based on indicators already described elsewhere: Denominator • refer to Scope 1 and Scope 2 Nominator • For Scope 1 and Scope 2 per million USD sales, refer to Novartis Group Financial statements for sales data	Offsets are not deducted from Scope 1 and Scope 2 to calculate the intensities. FTEs used to calculate the comparative figures of the FTE based intensity factor include Sandoz data.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		• For Scope 1 and Scope 2 per full-time equivalent position, refer to People indicators for number of FTEs	
Volatile organic compounds (VOCs) • Halogenated volatile organic compounds • Non-halogenated volatile organic compounds	Amount of volatile organic compounds (VOCs) used and emitted into the air by Novartis (typically manufacturing and research facilities) in metric tons. Both halogenated and non-halogenated VOCs are reported. • *Halogenated VOC* is one into which a halogen (e.g., fluorine, chlorine, bromine and/or iodine) has been attached • *Non-halogenated VOC* (not containing a halogen). Unit of measure: VOCs by category emitted into the air in metric tons during the reporting year	Emissions of VOCs are estimated using a mass balance approach. VOCs that cannot be accounted for based on production and consumption information (e.g., stock counts, invoices and consumption logs) are assumed to be released to the environment and are reported. The amount of VOC emissions is reported through the HSE net system and represents nine months of actuals plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences.	All sites where Novartis has operational control and use VOCs are included, with no exclusions.
Water quality • Manufacturing sites meeting water quality standards	Novartis has developed a risk-based approach to manage APIs in wastewater from its manufacturing sites. A water quality maturity ladder is used, based on industry best practice published by the Pharmaceutical Supply Chain Initiative (PSCI). Novartis considers that a manufacturing site satisfies its water quality standard if it meets all three levels of the water quality maturity ladder: 1) training and legal compliance 2) quantification and risk assessment 3) PEC/PNEC<1* *) "Predicted environmental concentration" and "Predicted no effect concentration" A *manufacturing site* is a Novartis-owned site dedicated to the production of medicines. Unit of measure: manufacturing sites that meet all three levels of the maturity ladder as a percentage of total manufacturing sites at the end of the reporting period	Each Novartis manufacturing site has assigned a Single Point of Contact (SPOC) for this indicator. The SPOC is responsible for managing their site's compliance with the Novartis water quality standard. Compliance is reported via the HSE system "HSE net" and HSE /Environmental Sustainability Operations are responsible for verifying compliance.	Manufacturing sites not having any API discharge are deemed low risk and are assumed to meet the water quality standards. These are included in the calculation. u

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
• High-risk suppliers assessed against water quality standards	Novartis has developed a risk-based approach to manage APIs in wastewater from its supplier manufacturing sites. For the purposes of this indicator, the term 'suppliers' within the indicator title reflects supplier manufacturing sites. The same water quality maturity ladder is used as described in the 'Manufacturing sites meeting water quality standards' indicator Unit of measure: high-risk supplier manufacturing sites that meet water quality standards as a percentage of total high-risk supplier manufacturing sites assessed against water quality standards at the end of the reporting period	Each supplier in scope has a contractual obligation to report progress against this target as part of the Novartis External Partner Risk Management (EPRM) program. Evidence of compliance is collected on a dedicated SharePoint database and via the HSE net. HSE/ Environmental Sustainability Operations are responsible for verifying compliance.	The list of high-risk supplier manufacturing sites consists of a starting population of 108 supplier manufacturing sites determined in 2022.
Water • Water withdrawal • Water discharged • Water consumption	Water is defined as fresh water (containing less than 1% salt), such as drinking water, ground water, rainwater and water of natural water bodies (excluding sea water). *Water withdrawal* from all sources includes *surface water, ground water, third-party water and water collected from rain*. It also includes contact water and non-contact water (typically used for cooling). Unit of measure: water withdrawn from respective sources during the reporting period in million cubic meters *Water discharged* means water leaving any Novartis premises, including water directly discharged to the *aquatic environment* (non-contact water), via treatment, or water lost. Unit of measure: non-contact water discharged directly to surface water during the reporting period in million cubic meters Unit of measure: water discharged during the reporting period in million cubic meters *Water consumed* encompasses water that is discharged through on-site or off-site treatment processes, lost via evaporation from cooling or heating systems, or output included as product ingredients or	Water withdrawal, discharges and consumption are measured using water meter data or invoices and are reported through the HSE net system. The amount of water reported represents nine months actuals plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences.	De minimis criteria have been established for non-manufacturing sites that do not contribute to more than 0.1% of the Novartis energy consumption. Water for de minimis sites is estimated by multiplying the site's total number of FTEs (made up of Novartis employees and third parties) by average water use. The average water use per FTE is calculated using primary data from similar Novartis locations.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	other sources. This water can be sourced from surface water, ground water, third-party supplies, or collected from rain. Unit of measure: water consumed during the reporting period in million cubic meters		
Packaging • Sites that have eliminated PVC in packaging	Novartis seeks to eliminate *polyvinyl chloride* (PVC) in its product packaging (secondary and tertiary packaging) at all its packaging sites where Novartis has operational control. Unit of measure: sites in scope that have eliminated PVC in secondary and tertiary packaging as a percentage of sites in scope	Each packaging site has assigned a Single Point of Contact (SPOC) for this indicator. The SPOC is responsible for identifying PVC in secondary and tertiary packaging at their site, developing a plan for its elimination, and reporting progress against this plan to the Global Packaging Team (GPT). The HSE/ Environmental Sustainability Operations are responsible for verifying that PVC has been eliminated from secondary and tertiary packaging following consultation with the GPT.	All packaging sites where Novartis has operational control have been included in the assessment except for sites that have been announced to leave the Novartis network. External and contract manufacturers are excluded from this indicator. Products still under development and not yet commercially approved are excluded.
Operational Waste • Waste generated • Waste recycled • Waste not recycled	*Waste generated* is categorized as: • *Hazardous waste* • *Non-hazardous waste* Unit of measure: hazardous and non-hazardous waste generated during the reporting period in thousand metric tons Waste is further categorized as *recycled* and *not recycled.* *Waste recycled* is presented as: • *Non-hazardous and non-hazardous waste recycled in weight* Unit of measure: non-hazardous and hazardous waste recycled during the reporting period in thousand metric tons and as a percentage of total waste recycled *Waste not recycled* is presented as: • Non-hazardous waste not recycled • Hazardous waste not recycled Each category is further split into the respective disposal routes: *incineration, landfill* or *other disposal options.*	Waste is measured using weighing scales and/or invoice information and is reported through the HSE net system. The amount of waste reported represents nine months actuals plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences.	Excludes non-operational waste (e.g., debris from construction projects). Includes both onsite and offsite waste. Excludes effluent (treated or untreated wastewater), which is reported under "Water". De minimis criteria have been established for non-manufacturing sites that do not contribute to more than 0.1% of the Novartis energy consumption. Sites considered de minimis are reviewed annually. Waste for de minimis sites is estimated by multiplying the site's total number of FTEs (made up of Novartis employees and third parties) by an average of waste generation amount per FTE using primary data from similar Novartis sites.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: non-hazardous and hazardous waste not recycled during the reporting period by the respective disposal route in thousand metric tons		

People

All comparative figures under the people indicators include Sandoz data unless otherwise stated.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Headcount	*Headcount* reflects the total number of employees on Novartis payroll systems. Unit of measure: headcount at the end of the reporting period	Data is collected via the various payroll systems and central HR system "HR Core".	All employees are in scope that are on the payroll at a Novartis legal entity that is within the Novartis Group financial consolidation scope. This does not include external employees, third-party contractors working for external service providers or employees on unpaid leave.
Full-time equivalent positions	*Full-time equivalent positions* adjust headcount to account for employees contracted for less than 100% of standard contracted hours, and is the ratio between the employee target working hours and the company target working hours. It is a unit that indicates the workload of an employee in a way that makes workloads comparable. Unit of measure: number of FTE at the end of the reporting period	Data is collected via the central database "OneFTE". This database uses the central HR system HR Core as a data source and is used to report FTEs for the purpose of financial reporting.	All employees are in scope that are on the payroll at a Novartis legal entity that is within the Novartis Group financial consolidation scope. This does not include external employees, third-party contractors working for external service providers or employees on unpaid leave.
Turnover • Voluntary • Overall	Share of employees leaving Novartis during the reporting period. We distinguish between *voluntary* turnover and *non-voluntary* turnover (including redundancies, divestments, retirements, and deaths). Unit of measure: percentage of overall employees leaving Novartis and on a voluntary basis during the reporting year	The rate of turnover is measured as the number of employees who left Novartis during the reporting period divided by the average number of employees (13 months average).	The calculation includes permanent employees and excludes temporary as well as external employees.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Annual learning hours per employee	*Annual training hours* completed by Novartis internal employees. Unit of measure: number of training hours completed during the reporting year	Data is collected via the central Up4Growth system and the training dashboard. For trainings taken internally through our Up4Growth or other training platforms, the completed training hours are captured automatically. For trainings taken externally, we rely on manual input by employees into the Up4Growth platform.	Includes all training hours that represent a completed course during the reporting year as logged in the Up4Growth system. Trainings completed include internal as well as externally taken trainings, courses etc.
Nationalities • Overall • Management	Number of *nationalities* employed by Novartis and the number of nationalities represented among *management* at Novartis. *Management* is defined by the Novartis Global Job Level Architecture and includes the following sub-groups: • *Novartis Top Leaders (*including *the Executive Committee of Novartis)*, which is comprised of the most senior managers at Novartis • *Senior Management* • *Middle Management* Unit of measure: number of nationalities employed at the end of the reporting period overall and in management.	Information on nationalities is collected via the central HR system HR Core.	It represents the number of nationalities as registered in the internal payroll registries during employee onboarding (primary nationality). Double nationalities are not counted. It includes data collected in countries in which the collecting of this data is permitted or required. The Novartis Board of Directors is not included in this indicator.
Employee representative body representation	*Employees represented by an employee representative body or covered by a collective bargaining agreement* as a percentage of total employees non-management level (as defined by the Novartis Global Job Level Architecture). Unit of measure: percentage of non-management employees represented by an employee representative body or covered by a collective bargaining agreement at the end of the reporting period	Data collected by means of a survey issued to the local People & Organization function, with answers submitted to the central employee relations team for consolidation. Data completeness and accuracy is limited due to legal restrictions on data privacy and the fact that the answers received through the survey are based on voluntary disclosures by employees or approximations.	Generally, it includes only employees at a non-management level. Includes employees represented by all statutory employee representative bodies or collective bargaining agreements and the by the Novartis European Works Council (covering the 27 EU member states and Switzerland, Norway and the UK).
Pay equity • Employees covered by	*Pay equity* is a fundamental principle of our employment policies.	Employee data is collected through the central HR system HR Core. Countries in which a regular pay equity study was performed with the Rewards People	Pay equity studies performed by a country due to a legal requirement are not considered toward the progress of the EPIC pledge.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
regular pay equity study	Countries in which a *regular pay equity study* was performed as part of the EPIC pledge commitment from 2018 to 2023 are considered for this indicator. Number of employees is equal to headcount as outlined in the section "Headcount" in this document. Unit of measure: employees employed in a country in which a regular pay equity study was conducted during the EPIC pledge period as a percentage of total headcount at the end of the end of the reporting period	Insights team (which is part of the global rewards team) or external counsel (in the US and Canada) during the period of EPIC are manually tracked by the central Rewards People Insights team. Once a country study has been completed and results shared with the corresponding country, the number of employees in that country is added to the progress calculation and updated for each reporting period.	Pay equity studies performed by external legal counsel in the US and Canada are included. All employees in a country at the end of the reporting period are counted toward the progress of the indicator irrespective of their contract type or date of joining, with the exception of employees with no assigned work country. However, for the pay equity studies themselves, only regular employees with a permanent contract - excluding executive levels, inpats, expats, interns and country specific employee groups based on local requirements - were taken into the scope.
• Mean pay gap	*Mean pay gap* is defined as the difference in pay between men and women using the unadjusted pay gap, which considers the relative positioning of male vs. female salary levels in aggregate and is driven by different gender representations across the organization, as well as different earnings. Unit of measure: mean pay gap between males and females as a percentage of average mean salary as at the end of the previous reporting period	The Annual Base Salary (converted to 100% for employees contracted for less than 100% as reflected) in our central HR system HR Core at the end of the previous reporting period is used as a basis for the calculation of the pay gap. This data is complemented with supplemental information from the Global Mobility and the Executive Compensation team for expats, inpats or employees at an executive level. The below formula is applied: $\frac{\text{Average male pay} - \text{Average female pay}}{\text{Average male pay}}$	While all active regular Novartis internal employees across all geographies including inpats, expats and Novartis Top Leaders are in scope for this indicator, it excludes employees not on a Novartis Global Job Family band (e.g., interns). Employees that choose not to disclose their gender are also not taken into account. Countries with foreign exchange rates that would distort the overall results (e.g., Venezuela) are excluded. Any other exceptional exclusions are based on judgment and documented on a case-by-case basis.
• Recruitment without using historical salary data	Novartis is committed to making pay decisions based on skills, qualifications, and other job-related criteria. To help address unconscious bias that can lead to unfair pay disparities, we remove *historic salary data* when preparing offers related to the recruitment of	Vacancies published externally through our recruitment platform Brassring serve as a proxy for this indicator, although this is limited given that it does not include all vacancies, as some hirings are made directly without using Brassring.	Vacancies filled by an external candidate during the reporting year are counted toward this indicator. Offers for internal moves, temporary positions or positions in countries where a

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	individuals for permanent positions that have gone through a competitive hiring process. Unit of measure: externally published vacancies during the reporting period in countries that have removed historical salaries from the offering process as a percentage of total vacancies externally published during the reporting period.	Countries in which the historical data has been removed from the offering process are manually tracked by the central Rewards team. Once a country has completed the process, the corresponding number of vacancies in that country are added to the progress calculation and updated for each reporting period.	legal requirement exists to not offer a lower salary than the applicant's previous one are excluded from this indicator. Although not tracked, historic salary is also not used as the basis for offers for internal applicants, except where legally required.
• Employees with pay transparency to external benchmarks	Pay Transparency as one of the EPIC commitments was introduced to reduce the likelihood of perpetuating possible discrimination, encourage open conversations about pay, and help employees understand their pay position. Pay transparency is achieved through the issuance of the annual compensation statements to employees provided in Q1 of the subsequent year. The data provided shows the relative position of an employee's salary compared with an external role-specific benchmark and/or an internal peer group. We measure the number of employees for whom we have completed system implementation of pay transparency and who will receive a compensation statement with transparency to external and /or internal benchmarks in Q1 of the subsequent year where possible. Unit of measure: headcount in legal entities where transparency with internal and/or external salary benchmarks has been implemented as a percentage of total headcount at the end of the reporting period	Employee data is collected through the central HR system HR Core. Legal entities in which pay transparency (showing each employee's Annual Base Salary (ABS) vs. external and/or internal benchmarks) was implemented are manually tracked by the central Rewards team. Once a legal entity in a country has completed the implementation, the corresponding total number of employees in that legal entity is added to the progress calculation and updated for each reporting period.	All active regular Novartis internal employees across all geographies, including International Assignees and Novartis Top Leaders, are in scope for this indicator. Even in legal entities where pay transparency has been implemented, some employees may not experience pay transparency for the following reasons: • not on a Novartis Global Job Family band (e.g., interns) • small cohort size causing data privacy issues • no external data availability • local laws, legal requirements or union agreements prevent pay transparency
Health and safety • Lost-time injury and illness rate	An *Injury* is an instantaneous, unexpected bodily defect partly caused by external factors (e.g., cuts and burns, slips, trips, and falls). For our purposes, the term is synonymous with 'accidents'. An *Illness* is an abnormal health condition or disorder, other than those caused by injuries.	Data is collected through our internal Health & Safety system (HSE net). The GRI 403 standard is applied which is using the 200,000 hours worked to calculate the rate.	Data includes Novartis employees and third-party personnel managed by Novartis employees. Working hours exclude overtime and vacation/public holiday benefits, which largely off-set each-other and include time worked from home.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	We disclose the *Lost-time injury and illness rate* by contract type: • Novartis employees • Third-party personnel Unit of measure: lost-time injury and illness rate split by contract type over the reporting period	Standard working hours per month are collected through our central HR System HR Core and interfaced to HSE net via a mapping table between legal entities (HR view) and HSE net (HSE reporting units view). Lost-time injury and illness rate calculation: for the rate for time lost due to injury and illness, the total number of work-related cases of injury or illness with lost time is divided by the number of hours worked by Novartis employees / third-party personnel multiplied by 200,000.	Aggravations of previously incurred or existing illnesses are considered as separate (new) cases, if work-related.
• Total recordable case rate	A *Recordable Case* includes any work-related injury and work-related illness (including work-related loss of consciousness) with or without lost time, and work-related fatalities. We disclose the Recordable Case rate by contract type: • Novartis employees • Third-party personnel Unit of measure: total recordable case rate split by contract type over the reporting period	Recordable case rate calculation: for recordable case rate calculation, the number of all work-related recordable cases is divided by the number of hours worked by Novartis employees/third-party personnel multiplied by 200,000.	While total recordable cases does not include near misses (i.e., an incident that had the potential to have caused injury but did not do so), it does include cases with or without lost time, and fatalities.
• Fatalities	*Fatality* represents a work-related injury or illness leading to death and is disclosed by contract type: • Novartis employees • Third-party personnel • Contractors Unit of measure: number of fatalities during the reporting period split by contract type	Data is collected through our internal Health & Safety system (HSE net).	Data includes Novartis employees, third-party personnel managed by Novartis, and third-party contractors.
• Employees covered by an internally validated HSE system	This indicator is defined and measured as the share of Full Time Equivalents (FTEs) working on Novartis sites for which the internal HSE system is in place and participated in the internal controls and validation process.	Data is collected through our internal Health & Safety system (HSE net) and the One Novartis Controls (ONCE) register. Number of employees is collected through the central HR System HR Core and interfaced to	All Novartis employees are covered through an internal HSE management system and are in scope for this indicator.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: FTEs covered by an internal Health Safety and Environment (HSE) system as a percentage of total FTEs at the end of the reporting period	HSE net via a mapping table between legal entities (HR view) and HSE net (HSE reporting units view). For the definition of FTEs, refer to the People section.	Comparative figures are not available as this indicator and the underlying control were not in place in previous years.
Gender representation • Overall Headcount	Gender diversity is reported as the percentage split by gender between females and males. Unit of measure: female/male percentage over total headcount at the end of the reporting period	Gender information is collected during the employee's onboarding process and is maintained in the central HR System HR Core. This applies to all gender representation indicators.	The female/male gender representation percentage in the various categories does not include employees preferring not to disclose their gender ("unknown"). This applies to all gender representation indicators.
• Board of Directors	The *Novartis Board of Directors* as disclosed in the Novartis Annual Report, the Novartis in Society Integrated Report and on the Novartis corporate website. Unit of measure: female/male percentage over total members of the Novartis Board of Directors at the end of the reporting period		
• Executive Committee	The *Novartis Executive Committee* as disclosed in the Novartis in Society Report and on the Novartis corporate website. Unit of measure: female/male percentage over total members of the Novartis Executive Committee at the end of the reporting period		
• Novartis Top Leaders	*Novartis Top Leaders* is comprised of the most senior managers at Novartis. Unit of measure: female/male percentage over total Novartis Top Leaders at the end of the reporting period	Novartis Top Leaders level is defined by the Novartis Global Job Family Architecture and is maintained in the central HR System HR Core.	The Novartis Top Leaders include the Executive Committee of Novartis but excludes the Board of Directors.
• Senior Management	*Senior Management* represents the higher management positions at Novartis. Unit of measure: female/male percentage over total Senior Management at the end of the reporting period	Senior Management level is defined by the Novartis Global Job Family Architecture and is maintained in the central HR System HR Core.	Senior Management includes the Executive Committee and the Novartis Top Leaders but excludes the Board of Directors.
• Overall Management	*Overall management* represents all positions with managerial responsibilities.	Overall Management level is defined by the Novartis Global Job Family Architecture and is maintained in the central HR System HR Core.	Includes all Novartis management levels but excludes the Board of Directors.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: female/male percentage at a management level at the end of the reporting period		
• Revenue-producing roles	*Revenue-producing roles* are defined as the sum of BD&L and strategy plan, commercial and general, market access, and marketing and sales job families. Unit of measure: female/male percentage in revenue-producing roles at the end of the reporting period	Revenue-producing roles are defined via the Novartis Global Job Family Architecture and are maintained in the central HR System HR Core.	
• STEM roles	*STEM roles* are defined as the sum of Research & Development, Technical Operations, and Information Technology and Technology Transformation job families. Unit of measure: female/male percentage by in STEM roles at the end of the reporting period	STEM roles are defined via the Novartis Global Job Family Architecture and are maintained in the central HR System HR Core.	
Gender representation by contract type • Permanent • Temporary • Full-time • Part-time	We distinguish between the following contract types: • *Permanent* - working contract with no end date • *Temporary* - working contracts with an end date • *Full time* - 100% employment • *Part time* – working contracts with less than the standard working hours Unit of measure: headcount by contract type at the end of the reporting period for females and males	Contract data is collected and maintained upon onboarding through the central HR System HR Core and is maintained in the central HR System HR Core.	The female/male gender representation percentage in the various categories does not include employees preferring not to disclose their gender (“unknown”).
Employee representation by region and contract type (permanent/ temporary) • US • Canada and Latin America • Europe • Asia, Africa and Australasia	Employees are attributed to geographical regions according to their primary workplace as stated in their working contract. We distinguish between the following geographical regions: • *United States* • *Canada and Latin America* • *Europe* • *Asia, Africa and Australasia* Unit of measure: headcount by geographical region and contract type at the end of the reporting period for females and males	Data is collected through the central HR System HR Core and is aligned to the 20-F region classification.	Each region also includes employees that undertake global or corporate roles located outside Switzerland.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Employee and gender representation by age • Employees aged ≤ 30 • Employees aged 31 - 50 • Employees aged > 50	We distinguish between the following age groups, with employees having completed the age group within the reporting period: • *Employees aged up to 30* • *Employees aged between 31 and 50* • *Employees aged above 50* Unit of measure: headcount by age group at the end of the reporting period for females and males	Age-related information is collected during the employee's onboarding process and is maintained in the central HR System HR Core.	

Acess to healthcare

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Global access strategy for all new medicines launched	The number of new medicines launched that have defined a *global value and access strategy*, i.e., a summary document that is intended to succinctly convey the overall access situation analysis and core strategies for a new innovative medicine in a specified indication. A global access strategy provides the strategic direction necessary to deliver on an asset's value proposition and optimize patient access from reimbursement and health care decision at the time of launch and beyond. Novartis access principles are research and development, affordability, and health system strengthening being integrated into global value and access strategy. Unit of measure: number of new innovative medicines launched that have a global access strategy as a percentage of all innovative medicines launched during the reporting year	New launches during the year are identified based on planned regulatory submissions and approvals (FDA/EMA), and in market launch milestones.	Global access strategy includes new innovative medicines (new molecular entity) launched during the reporting year and covers both developed and developing markets. Advanced therapy platforms such as our Radioligand or Cell & Gene Therapies as well as new indications of existing medicines are excluded.
Patients reached • Patients reached through access approaches	*Patients reached through access approaches* is a part of the total number of patients reached and includes patients reached with medicines through Novartis Global Health, patient support programs, emerging market brands, and donations.	Patients reached is calculated based on treatments delivered (volumes sold) and the following elements: daily treatment doses, treatment duration and treatment compliance rate.	Patients reached through access approaches include patients reached through Novartis Global Health (including the Sub-Saharan Africa cluster), emerging market brands

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: patients reached through access approaches during the reporting year in millions	The daily treatment dose, treatment duration and treatment compliance rate are based on global assumptions defined by the US and International therapeutic areas teams.	(EMBs), donations, support programs, and the Novartis access foundations.
Sustainability-linked bond • Patients reached with strategic innovative therapies • Patients reached through flagship programs	We follow the terms and conditions as outlined within the Final Listing Prospectus, dated September 21, 2020 (https://www.novartis.com/sites/novartiscom/files/20200921-slb-final-listing-prospectus.pdf), for the "Patients reached with strategic innovative therapies" and "Patients reached through flagship programs" in Low- and Middle-Income Countries (LMICs) ESG performance indicators. LMIC countries are outlined in Annex A of the bond prospectus. *Patients reached with strategic innovative therapies* such Entresto, Lucentis, Cosentyx, Jakavi, Promacta and others in LMICs. New therapies may be added to the list on an annual basis but are subject to management's approval. Unit of measure: patients reached through strategic innovative therapies during the reporting year *Patients reached through flagship programs* (malaria, sickle cell disease, leprosy, and Chagas disease) in LMICs. Unit of measure: patients reached through flagship programs during the reporting year	Patients reached and Flagship program reports are computed via the agreed methodology (also see "Patients Reached"). The assumptions for the daily treatment dose, treatment duration and treatment compliance rate are defined for each country/brand combination and are kept unchanged until December 31, 2025. Quantity of leprosy treatments delivered is provided by WHO.	For the sale or out-licensing of one of the underlying therapies (brand-country combination), the number of patients reached continues to be considered as long as Novartis keeps risks and rewards over the respective sales volume in relation to the partner of Novartis (revenue shown at supply price).

Animal welfare

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Animals involved in research	Number of *animals* involved to support internally conducted studies, calculated as the sum of animals	Number of living vertebrates engaged in any research setting is collected throughout the	Includes animals in Novartis facilities involved to support internally conducted

	in our facilities at the beginning of the year, in addition to animals internally bred and purchased throughout the reporting period. If a species exceeds 1% (one percent) of total animals needed, the species details will be reported (e.g., rodents, zebrafish). Unit of measure: number of animals per category of species and in total	calendar year based on manual animal counts and database information such as animals bred or purchased.	studies. Excludes animals involved to support studies conducted by third parties on behalf of Novartis at third-party locations.

Political engagement

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Lobbying expenditure • US • EU	Lobbying expenditure covers costs related to engagement by Novartis in lobbying activities. We differentiate between costs incurred in the *US* and the *EU*. Unit of measure: amount expensed for political engagements during the reporting year in thousand USD	Global Public Affairs maintains an overview of budgeted and actual lobbying expenditures on an annual basis, provided by local and regional public affairs teams.	Political engagement costs incurred outside the US and EU are not included in the amount disclosed.
Political contributions • Global	Political contributions include monetary and/or non-monetary support for political parties, their elected representatives or candidates seeking public office. Political contributions can also be made indirectly through support given to an intermediary organization, such as a think tank or trade association linked to or supporting particular political parties or causes. We distinguish contributions for the *US (Corporate and PAC*), Switzerland, Australia,* and *Japan.* *) The Novartis Political Action Committee (US PAC) is a voluntary and nonpartisan organization composed of eligible Novartis employees, board members and stockholders in compliance with federal and state laws. It receives funds from its members to contribute to the election of qualified candidates for public office.	The financial reporting system FCRS is the data source that reports the locally processed expenditures. Local public affairs teams maintain an overview of intended political contributions and confirm the figures captured to the Global Public Affairs team. The global political contribution amount disclosed represents the sum of the contributions made in the outlined markets. For the US PAC, US Public Affairs maintains an overview of the fund and discloses the amount disbursed to Global Public Affairs on an annual basis.	There are no political contributions outside the US, Switzerland, Australia and Japan unless specified and approved. Non-political memberships are not a part of this indicator. Novartis PAC only uses voluntary funds received from eligible employees of Novartis to make political contributions. Members eligible to contribute to Novartis PAC are part of the company's restricted class who are either U.S. citizens or green card holders.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: amount expensed for political contributions during the reporting year in thousand USD globally (total) and by country		
Memberships in trade associations • Global	Novartis is a member of external groups representing various stakeholders, including trade and industry bodies. Some of the trade associations may lobby on behalf of Novartis. This indicator captures the specific amount expensed for the memberships. A global membership is a membership in a trade association that acts globally or regionally, whereas local trade associations act within the national boundary where they are registered. Unit of measure: amount expensed for memberships in trade associations during the reporting year in thousand USD	The financial reporting system FCRS is the data source that reports the locally processed expenditures. Global Public Affairs maintains an overview of budgeted membership fees on an annual basis, provided by local public affairs teams.	The amount disclosed for global memberships in trade associations includes global, regional and local memberships.

Ethical business practices

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Code of Ethics • Employees trained and certified	Active Novartis employees are trained and certified on the Novartis Code of Ethics once per calendar year. This is a mandatory global training delivered through an e-learning module solution, which includes a test and certification. Unit of measure: percentage of active Novartis employees who have completed Novartis Code of Ethics training over total active Novartis employees registered for the training during the reporting year	Data is collected via the central Up4Growth system.	All active employees (excluding third-party employees and contractors) with a Novartis email address are registered for the Code of Ethics e-learning except for approximately 1% of employees in countries or legal entities not yet integrated into Novartis systems. These exceptions undergo a separate hard-copy training outside of Up4Growth, which does not count toward the Code of Ethics indicator.
Grievance indicators: SpeakUp Office • Total cases	Novartis employees and external parties can raise a “SpeakUp” case through an externally hosted central internet page. They can choose to submit information via a webform or by calling a phone number to talk with an external agent. The person raising the case can choose to remain anonymous. We distinguish between lower-risk	Download from Global Case Management System (owned by the SpeakUp Office).	The number of misconduct cases, allegations reported and substantiated, and dismissals and resignations may change year-on-year as cases may be reassessed during the case life cycle. As a result, we

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	cases and *higher-risk cases* (previously referred to as "central matters"). Unit of measure: number of misconduct cases reported to the Speak-up office during the reporting period		may restate the previous two years of reported data.
• Higher-risk cases • Higher-risk allegations • Higher-risk allegations substantiated	A *higher-risk case* is a misconduct case concerning an allegation about a senior leader or manager, potentially disruptive reputational impact, sexual harassment, discrimination, retaliation and/or significant financial impact. Unit of measure: number of higher-risk cases reported to the Speak-up office during the reporting period A misconduct case can concern more than one *allegation*. Unit of measure: number of allegations related to higher-risk cases reported to the Speak-up office during the reporting period Unit of measure: number of allegations related to higher-risk cases substantiated during the reporting period	Download from Global Case Management System (owned by the SpeakUp Office). Based on a fixed risk assessment questionnaire, with each case classified as either a lower-risk case or a higher-risk case.	Allegations substantiated may include allegations raised in previous years that were concluded during the reporting period.
• Dismissal and resignations related to misconduct	Reported misconduct cases can lead to *dismissal* or *resignation* if substantiated and concluded. Unit of measure: number of dismissals and resignations as a result of a reported misconduct case during the reporting period	Download from Global Case Management System (owned by the SpeakUp Office).	This includes higher-risk cases.
Allegations substantiated per category: higher-risk cases	We classify *allegations* into the following categories: • Fraud / asset misappropriation • Expense fraud • Books and records, accounting irregularities • Professional practices • Bribery, kickbacks • Discrimination and sexual harassment • Retaliation • Other employee relations issues • Conflict of interest • IT • Quality assurance/ data integrity • Data privacy • Competition • Company confidential and trade secret information	Download from Global Case Management System (SpeakUp Office).	This includes higher-risk cases only.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	• Other Unit of measure: number of allegations by category raised in higher-risk cases during the reporting period		

Appendix 1: Sandoz spin-off – methodologies to carve out Sandoz data

Each performance indicator was analyzed to identify an appropriate methodology to separate the underlying data between Sandoz and Novartis in the most accurate way possible.

ESG Category / ESG Indicator	Restatement 2021, 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
Innovation			
• Projects entering development pipeline	Not applicable as projects only relate to Novartis activities	n/a	

ESG Category / ESG Indicator	Restatement 2021, 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Projects in Phase III	Projects in Phase III related to Sandoz are no longer included in the comparative figures and not considered for the current year.	Produducts as per product list transferred to Sandoz	
• US FDA breakthrough therapy designations	Not applicable as only related to approvals for Novartis therapies	n/a	
• Submissions and approvals	Not applicable as only related to approvals for Novartis products	n/a	
• New molecular entity (NME) approvals	Not applicable as only related to approvals for Novartis products	n/a	
• Investment in R&D for malaria and neglected tropical diseases (NTDs)	Not applicable as the underlying projects fully remain in Novartis	n/a	
Product quality and Patient Safety			
• GxP audits	GxP audits in relation to a Sandoz product or a site transferred to Sandoz are no longer included in the comparative figures and not considered for the current year.	Products or sites transferred to Sandoz	
• Regulatory authorities	Inspections in relation to a Sandoz product or a site transferred to Sandoz are no longer included in the comparative figures and not considered for the current year.	Products or sites transferred to Sandoz	
• Recalls	Recalls related to Sandoz products are no longer included in the comparative figures and not considered for the current year.	Products as per product list transferred to Sandoz.	
Supply chain			
• Suppliers risk assessed • Suppliers audited • Suppliers with remediation action agreed	Comparative figures and data for the current year exclude suppliers that supplied good or services exclusively to Sandoz entities.	Data split according to the entity to which the respective supplier provided goods or services and /or by the Business Owner having initiated the process (if a Novartis or Sandoz employee). Entities per legal entities transfer	

ESG Category / ESG Indicator	Restatement 2021, 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Supplier engagements stopped due to risk assessment outcomes		list and supplier contracts transferred to Sandoz.	
• Human and labor rights	Comparative figures and data for the current year exclude human rights cases identified that concern suppliers that supplied good or services exclusively to Sandoz entities.	Data split according to the entity to which the respective supplier provided goods or services. Entities per legal entities transfer list and supplier contracts transferred to Sandoz.	
Environment			
• Sustainable product design	Underlying products related to this indicator all relate to Novartis products.	Products as per product list transferred to Sandoz.	
• Supplier contracts including environmental criteria	Comparative figures and current year data exclude suppliers that supplied goods or services exclusively to Sandoz entities.	Separation according to the entity to which the respective supplier provided goods or services. Entities per legal entities transfer list and supplier contracts transferred to Sandoz.	
• Energy use • Greenhouse Gas emissions • Greenhouse Gas emissions intensity • Volatile organic compounds (VOCs)	Comparative figures and current year data exclude data related to sites transferred to Sandoz.	Separation according to sites transferred to Sandoz as per the site transfer list. The emissions related to passenger cars for Scope 1 was separated based on FTE's.	For shared sites that produced for Sandoz and Novartis, the data is split using a percentage defined for each individual indicator. The same applies for other types of sites e.g., offices or labs.
• Water quality	Manufacturing sites: comparative figures and current year data exclude manufacturing sites that have been transferred Sandoz. Suppliers: comparative figures and current year data exclude suppliers that supplied good or services exclusively to Sandoz entities.	Separation according to sites transferred to Sandoz as per the site transfer list.	Shared sites that produced for Sandoz and Novartis are counted for both Sandoz and Novartis.
• Water use	Comparative figures and current year data exclude water use related to sites transferred to Sandoz.	Separation according to sites transferred to Sandoz as per the site transfer list.	For shared sites that produced for Sandoz and Novartis, the data is split using a percentage defined for each individual indicator. The same applies for other types of sites e.g., offices or labs.

ESG Category / ESG Indicator	Restatement 2021, 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Elimination of PVC in packaging	Comparative figures and current year data exclude manufacturing sites that have been transferred to Sandoz.	Separation according to manufacturing sites transferred to Sandoz as per the site transfer list.	
• Waste	Comparative figures and current year data exclude waste related to sites transferred to Sandoz.	Separation according to sites transferred to Sandoz as per the site transfer list.	For shared sites that produced for Sandoz and Novartis, the data is split using a percentage defined for each individual indicator. The same applies for other types of sites e.g., offices or labs.
People			
It is not possible to recreate a meaningful data separation in the past due to employees moving roles and employees working in shared service functions and roles at the headquarters of Novartis. For this reason, all indicators related to or using employees as an underlying data input have not been restated for the comparative years 2022 and 2021, and Sandoz employees remain included.			
• Headcount and FTE • Turnover • Nationalities	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included. Data disclosed for the current year excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Training and learning	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included. Data disclosed for the current year includes Sandoz employees until August and excludes Sandoz employees thereafter.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Employee representative body re-presentation	Comparative figures are not restated, and Sandoz employees remain included in the indicator disclosed. Data disclosed for the current year excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list as the underlying information source to calculate this indicator.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Pay equity	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included. Data disclosed for the current year excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.

ESG Category / ESG Indicator	Restatement 2021, 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Recruitment without using historical salary data	Comparative figures of people-related indicators are not restated, and recruitments made for Sandoz vacancies remain included. Vacancies filled for a role in a Sandoz legal entity have been excluded from the 2023 indicator calculation.	Separation as per the legal entity transfer list.	
• Health and safety	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included. Data disclosed for the current year excludes injuries/illness cases or fatalities related to Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the site transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Gender representation • Gender representation by role type • Gender representation in management • Gender representation by contract type • Employee and gender representation by age	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included. Data disclosed for the current year excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Employee representation by region and contract type	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included. Data disclosed for the current year excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
Access to Healthcare			
• Access strategy	Not applicable as underlying launches are all related to Novartis products.	Products as per product list transferred to Sandoz.	
• Patients reached through access approaches	Patients reached through a Sandoz product or through donations made by a Sandoz legal entity have been excluded from the comparative figures and the current year data.	Products as per product list transferred to Sandoz.	
• Sustainability-linked bond	The underlying strategic innovative therapies and flagship programs all remain with Novartis.	n/a	
Animal Welfare			

ESG Category / ESG Indicator	Restatement 2021, 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Animal Welfare	All underlying studies for which animals were needed are for Novartis research efforts.	n/a	
Political Engagement			
• Lobbying expenditures • Political contributions	Comparative figures remain unchanged and current year expenditures have not been adjusted as we consider that lobbying expenditures and political contributions were made on behalf of the whole Novartis Group.	n/a	
• Memberships in trade associations	Comparative figures remain unchanged as we consider that expenditures related to membership of trade associations was made on behalf of the whole Novartis Group. For the current year, payments to trade associations out of a Sandoz legal entity or in relation to trade association memberships transferred to Sandoz are included until September.	Separation according to the legal entity to which the respective trade association membership fee was paid out. Entities per legal entities transfer list and supplier contracts transferred to Sandoz.	
Ethical Business Practices			
• Code of Ethics	Comparative figures for the Code of Ethics training are not restated, as the underlying driver of this indicator is the employee, in line with all other people-related indicators. Data disclosed for the current year excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	
• Grievance indicators: SpeakUp Office	Separation of the comparative figures as well for the current year has been undertaken on a case-by-case basis.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Separation of grievance indicators related to shared services functions and manufacturing sites that provided services for Novartis and Sandoz have been estimated.