



2024 Annual General Meeting

Compensation Votes

Item 5 of the Agenda

(The original German text is binding)

Dear Shareholder,

Our purpose is to discover new ways to improve and extend people's lives. We use science-based innovation to address some of society's most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible. We also aim to provide a shareholder return that awards those who invest their money, time and ideas in our company.

As we work at Novartis to reimagine medicine, our unwavering focus on our strategy and purpose enabled us to continue to create value for patients, healthcare professionals, healthcare systems, employees, shareholders, and society.

From a compensation perspective, we continued to engage with shareholders and proxy advisors to gather feedback on the compensation system for the Executive Committee, and as well as our disclosure practices in the Compensation Report. We would like to thank you for the constructive dialogue.

As in prior years and in line with the Swiss Code of Obligations and our Articles of Incorporation, we are asking shareholders at the 2024 Annual General Meeting (AGM) to cast separate binding votes on the maximum aggregate amount of compensation for the Board of Directors and the maximum aggregate amount of compensation for the Executive Committee, and an advisory (non-binding) vote on our 2023 Compensation Report as described in this brochure.

Vote 5.1: Binding vote on the maximum aggregate amount of compensation for the Board of Directors from the 2024 Annual General Meeting to the 2025 Annual General Meeting

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 780 000, covering the period from the 2024 Annual General Meeting to the 2025 Annual General Meeting.

Vote 5.2: Binding vote on the maximum aggregate amount of compensation for the Executive Committee for the 2025 financial year

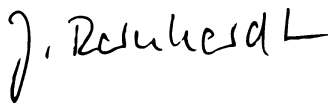
The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 95 000 000 to be paid, promised or granted during, or in respect of, the 2025 financial year.

Vote 5.3: Advisory vote on the 2023 Compensation Report

The Board of Directors proposes endorsement of the 2023 Compensation Report (advisory vote).

This brochure provides information on the three compensation-related votes. Further details regarding the compensation systems for our Board and Executive Committee members are set out in the 2023 Annual Report.

On behalf of the Novartis Board of Directors,



Joerg Reinhardt
Board Chair



Simon Moroney
Compensation Committee Chair

Vote 5.1

Binding vote on the maximum aggregate amount of compensation for the Board of Directors from the 2024 Annual General Meeting to the 2025 Annual General Meeting, i.e. CHF 8 780 000

The Board Chair and other Board member annual fee rates remain unchanged compared to last year.

Board members receive only fixed compensation. They receive no variable or performance-based compensation, no share options and no additional fees for attending meetings.

Board members do not receive any company pension, insurance or other benefits. Fees paid are at least 50% in Novartis shares (up to 100% at the option of each Board member) and the remainder is paid in cash. All fees reflect our governance structure and the responsibilities of the Board, in accordance with applicable laws and our own regulations. Our benchmarking review confirms that aggregate Board compensation aligns with the current levels of other large Swiss companies. No changes are therefore proposed to the Board fee structure or quantum.

Board member annual fees payable for the period from the 2024 AGM to the 2025 AGM

CHF 000s	Fees for period from the 2024 AGM to the 2025 AGM
Board Chair	3 800
Board membership	280
Vice-Chair	50
Lead Independent Director	20
Chair of the Audit and Compliance Committee ¹	130
Chair of the Compensation Committee ¹	90
Chair of other committees ^{1,2}	70
Membership of the Audit and Compliance Committee ¹	70
Membership of the other committees ^{1,3}	40

¹ Additional committee fees for functions of Board members in committees, i.e. chairpersonship/membership (not applicable for the Board Chair)

² Applies to the Governance, Sustainability and Nomination Committee; the Science and Technology Committee; and the Risk Committee.

³ Applies to the Compensation Committee; the Governance, Sustainability and Nomination Committee; the Science and Technology Committee; and the Risk Committee

Amount requested for the period from the 2024 AGM to the 2025 AGM

The amount shown in the table below assumes that all proposed Board members (and Compensation Committee members) will be elected at the 2024 AGM. The total compensation amount is slightly higher than the amount requested in the previous term. This is due to the proposed appointment of John Young as Chair of the Science & Technology Committee (STC) from the 2024 AGM, thereby increasing his Board fee as per the approved Board compensation fee structure. Prior to this, the Chair of the STC was held by the Board Chair, who received no additional fee for this role.

CHF	Approved for: 2023 AGM – 2024 AGM	Requested for: 2024 AGM – 2025 AGM
Board Chair	3 805 000	3 805 000
Other Board members	4 945 000	4 975 000 ¹
Total amount of compensation for the members of the Novartis Board of Directors	8 750 000	8 780 000²

¹ The amount will be payable in accordance with the fees for Board membership and the fees for committee chair and membership roles, as detailed on page 4.

² The total includes an estimated amount of CHF 30 051 mandatory employer contributions for all Board members payable by Novartis to Swiss governmental social security systems. This amount is part of estimated total employer contributions of approximately CHF 378 131 which is not included above, and provides a right to the maximum future insured government pension benefit for the Board member. These estimates exclude potential changes to governmental social security rates.

The total compensation earned by the Board from the 2023 AGM to the 2024 AGM is CHF 8 609 573 which is below the CHF 8 750 000 approved by shareholders at the 2023 AGM.

Vote 5.2

Binding vote on the maximum aggregate amount of compensation for the Executive Committee for the 2025 financial year, i.e. CHF 95 000 000

The Executive Committee (ECN) compensation system enables us to succeed in our mission and retain the best global talent. It is aligned with our business strategy and shareholders' interests, and it supports our aspiration to become the most valued and trusted medicines company in the world.

The ECN compensation system

	Fixed pay and benefits		Variable pay – performance-related	
	Annual base salary	Pension and other benefits	Annual Incentive	Long-Term Incentive awards
Purpose	Reflects responsibilities, experience and skill sets	Provide retirement and risk insurances (tailored to local market practices / regulations)	Rewards performance against short-term financial and strategic objectives, and Values and Behaviors ¹	Rewards long-term shareholder value creation and innovation in line with our strategy
Form of payment	Cash	Country / individual specific and aligned with other employees	50% cash 50% equity ² deferred for three years (or 70% cash and 30% equity deferred if shareholding requirement is reached before performance period starts)	Equity
Performance cycle	-	-	One year	Three years
Performance measures	-	-	Balanced scorecard comprising: • Financial measures (60%) ³ • Strategic objectives (40%) ⁴	• 3 rd party sales CAGR ⁵ (25%) • Core operating income CAGR (25%) • Innovation (25%) • Relative TSR (25%) vs. global sector peers ⁶

¹ The Novartis Values and Behaviors are also a key component of the Annual Incentive and are embedded in our culture. As such, members of the Executive Committee are expected to demonstrate these to the highest standard.

² Executive Committee members may elect to receive up to 100% of their Annual Incentive in equity instead of cash.

³ Financial measures are 3rd Party Sales (24%), Core Operating Income (18%) and Free Cash Flow (18%).

⁴ Strategic objectives are aligned with the most important priorities in any performance year.

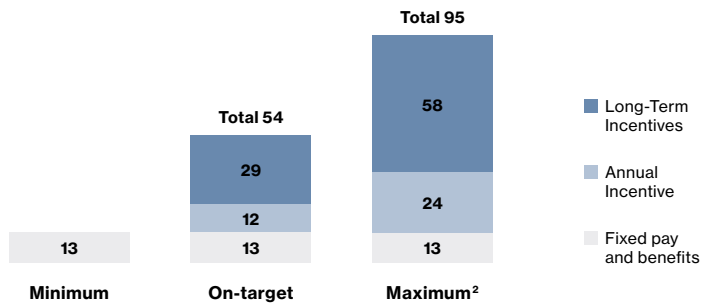
⁵ CAGR = compound annual growth rate.

⁶ The selected peer group for relative TSR (total shareholder return) consists of 15 companies (including Novartis) consistent with our global healthcare peer group, as follows: AbbVie, Amgen, AstraZeneca, Biogen, Bristol-Myers Squibb, Eli Lilly & Co., Gilead Sciences, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novartis, Novo Nordisk, Pfizer, Roche and Sanofi.

Proposed total maximum compensation to be paid, promised or granted to the Executive Committee for the next financial year, i.e. 2025

The table below presents a breakdown of the expected minimum, target and maximum 2025 total compensation for the members of the Executive Committee, based on the current composition. This is an increase of 5.6% compared to the 2023 AGM due to the target pay increases to the CEO (as outlined later in this brochure) and selected Executive Committee members who are new to role and have demonstrated strong performance during their tenure. Further details can be found in our 2023 Compensation Report.

(in CHF million, rounded)¹



¹ Two members are to be paid in USD. The exchange rate used is CHF 1.00 = USD 0.8986, and the proposed amount excludes any currency exchange rate fluctuation between the time of the release of this brochure and December 31, 2024. The on-target and maximum amounts also exclude any share price evolution and dividend equivalents earned over the three-year performance cycle.

² The proposed total maximum compensation amount includes service costs of pension and other benefits such as a company car, tax and financial planning services, as well as international assignment benefits where applicable in accordance with standard company policies. It also includes an amount of approximately CHF 120 685 for estimated mandatory employer contributions for all Executive Committee members payable by Novartis to governmental social security systems. This amount is part of an estimated total employer contributions of approximately CHF 5 009 409 which is not included above, and provides a right to the maximum future insured government pension benefit for the Executive Committee member.

Minimum: Only fixed pay and benefits are payable. Variable compensation is not payable, assuming none of the performance criteria have been met.

On-target: Fixed pay and benefits together with variable compensation at 100% of target for both the Annual Incentive and Long-Term Incentive, assuming all members of the Executive Committee have met their performance targets on each incentive plan.

Maximum: The “maximum” amount assumes that all performance targets for both the Annual Incentive and Long-Term Incentive are at the maximum of 200%. The maximum payout at 200% of target for all Executive Committee members on an aggregated basis has never occurred at Novartis.

The value of Long-Term Incentive awards is determined at the time the shares are granted (the number of shares is determined by dividing the value at grant by the share price on the grant date). This excludes any share price evolution over the vesting period and any dividends that are paid each year on shares or dividend equivalents that accrue during the vesting period of the Long-Term Incentive awards.

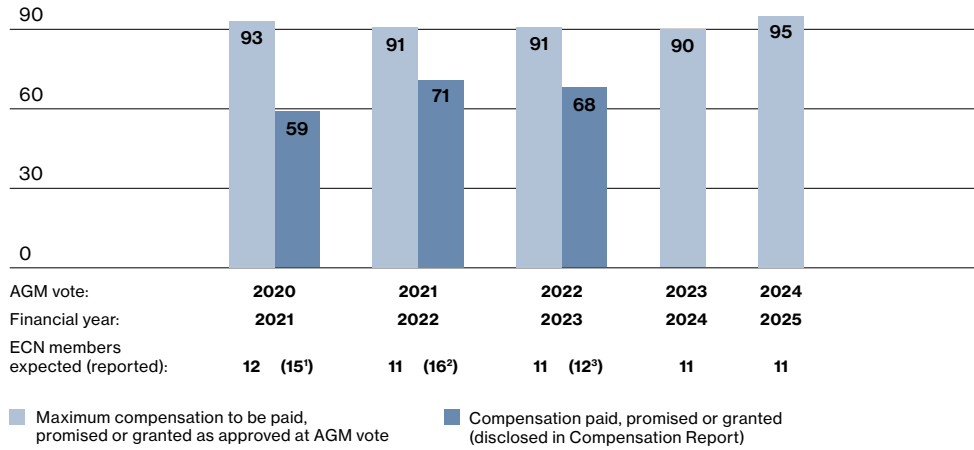
Evolution of Executive Committee compensation

The proposed total maximum compensation to be paid, promised or granted to the members of the Executive Committee for 2025 is CHF 95 million.

The chart below shows the maximum amounts approved by shareholders from the 2020 AGM to the 2023 AGM, and to be approved at the 2024 AGM. In addition, it shows for comparison purposes the compensation paid, promised or granted to the members of the Executive Committee for the 2022 to 2024 financial years.

Evolution of ECN compensation chart

(in CHF million, rounded)



¹ Includes 12 active Executive Committee members and 3 members who left or resigned during 2021.

² Includes 11 active Executive Committee members, 4 members who left or resigned during 2022, and 1 member who had stepped down due to planned Sandoz spin-off.

³ Includes 11 active Executive Committee members and 1 member who left or resigned during 2023.

Vote 5.3

Advisory vote on the 2023 Compensation Report

The purpose of the Compensation Report is to inform shareholders of our Board and Executive Committee compensation systems, policies and practices, as well as the compensation paid to members of the Board and the Executive Committee. The advisory vote gives shareholders the opportunity to express their views on the Board and Executive Committee compensation programs and systems as well as compensation disclosures and decisions, outlined in the 2023 Compensation Report.

Our 2023 Compensation Report has been reorganized to enhance its readability. For this reason, a detailed presentation of executive compensation outcomes can be found in the first part, and an explanation of our underlying compensation philosophy, system and governance in the second part. The Board compensation and governance information is in the final section. We trust that you will find this new structure more accessible. In response to shareholder feedback, we provide more disclosure and transparency in the CEO balanced scorecard, with an increased focus on the link between pay and performance.

Aligned with our evolution from an organization with separate divisions each with a separate leader into a focused medicines company, we disclose target pay for the CEO (as the highest paid), the CFO and the Presidents of our International and US organizations individually, while all other ECN target pay is aggregated. The Compensation Committee believes that this approach is more commercially appropriate while also maintaining our disclosure at the upper end of Swiss practice. Notwithstanding this change, we continue to disclose the CEO and ECN realized pay, as well as any significant individual pay increases, buyouts and exit packages.

As part of our annual review, we identified that our existing CEO compensation practices placed us in the lowest quartile versus global healthcare peers. We engaged extensively with our largest shareholders and proxy advisors to collect feedback about our executive compensation framework, in particular the challenges that European companies face in the competition for talent. Following this engagement and the overall positive nature of the feedback received, the Compensation Committee and the Board of Directors agreed that it is necessary to take a global perspective to attract and retain the best talent at the top of the organization, and that the Company could be more competitive in this regard. As a result, and while still mindful of the expectations of European-based investors and proxy advisors, we made some changes to our compensation system, effective January 1, 2024.

We aspire to continue growing our global business, with a particular focus on the US market. Aligned with this aspiration and our compensation philosophy, the Board of Directors decided to adjust the CEO target pay in a way that preserves alignment with shareholders. Specifically, we increased the LTPP target, which is fully performance driven based on 3-year forward-looking targets, from 325% to 400% as a percentage of annual base salary. The additional 2-year holding period for the CEO remains unchanged, thereby restricting the equities from sale for 5 years. The Compensation Committee will continue to set stretch targets, with a robust assessment at the end of the cycle. No changes were made to the CEO base salary (beyond ordinary salary increases received by other Swiss employees) or the Annual Incentive target. This is the first significant increase in CEO target pay since 2019 and places his target compensation just above the lowest quartile of global healthcare peers.

In addition, we decided to make changes with regard to the Annual Incentive metric, the Share ownership requirements and the Annual Incentive deferral. For more details, please see our 2023 Compensation Report.

We reimagine medicine to improve and extend people's lives.

We use science-based innovation to address some of society's most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible. We also aim to provide a shareholder return that rewards those who invest their money, time and ideas in our company.