Global Health & Corporate Responsibility

Our Global Health & Corporate Responsibility (GH&CR) activities are centered around four key focus areas:

- Holding ourselves to the highest ethical standards
- Being part of the solution on pricing and access to medicines
- Addressing global health challenges
- Being a responsible citizen

Transforming our GH&CR organization

In 2019, we announced the transformation of our GH&CR organization, which will now comprise of four units:

- Novartis Social Business is integrated into the GH&CR organization, bringing together the company's flagship global health priorities (leprosy, malaria, Chagas disease and sickle cell disease) and its work in noncommunicable diseases. This team will continue to manage social business commercial operations.
- The Novartis Foundation has refocused its efforts to concentrate fully on how data, digital and AI can transform global health.
- Health system strengthening and innovation will serve as a center of excellence for capacity-building, partnerships, digital solutions and innovation in global health for patients in low-resource communities.
- Corporate responsibility initiatives will encompass employee engagement and volunteering, as well as measurement and evaluation efforts, including impact valuation.

We have also taken steps to strengthen our GH&CR governance, establishing an internal Environment, Social and Governance (ESG) Steering Committee, chaired by the CEO. The committee will oversee progress and speed up decision-making in key GH&CR areas.

External recognition for our GH&CR performance

In 2018, Novartis was included in several GH&CR rankings. We ranked #2 in the Access to Medicine Index, up from third position in 2016. We maintained our #4 position in the 2018 Dow Jones Sustainability Index (DJSI) World, and were again included in the DJSI Europe Index. We were also Ranked #4 in PatientView's 2018 reputation survey of patient groups worldwide.

Novartis remains among Fortune's Most Admired Pharmaceutical Companies for 2019, ranked at #4, and is recognized as one of the world's most sustainable corporations (#18) by Corporate Knights.

Further, in March 2019, the Novartis Foundation won the eyeforpharma Most Valuable Collaboration Award 2019 for its Leprosy Post-Exposure Prophylaxis (LPEP) program to accelerate leprosy elimination. In June, Novartis and Sandoz were honored with Americares' Power of Partnership Award for their commitment to increasing access to healthcare, with USD 300 million worth of medicine to support health programs in 113 countries.

Holding ourselves to the highest ethical standards

Since 2016, we have adjusted the ratio of fixed to variable total compensation for our sales force to help ensure that the target variable component is a maximum of 35% of total compensation, on average across all countries. For our sales force, in particular, 20% of target variable pay is based on demonstration of our Values and Behaviors. We are in the process of implementing these standards in every country in which Novartis operates. Ultimately, no sales representative will receive the variable compensation unless he or she meets expectations with respect to our Values and Behaviors.

So far, the rollout of the new incentive system has shown positive results. Across divisions, there was a 54% reduction in the number of reported complaints of fraud and professional practices in the sales force in 2018 compared to 2017.

In 2018, we combined our risk management and compliance functions into a single organizational umbrella to provide the businesses with a better view of the risks we face as an organization, and how those risks could impact our ability to deliver on strategic priorities. This is expected to enable more effective risk management and mitigation efforts. We created the role of Chief Ethics, Risk and Compliance Officer to head the combined organization, and elevated this role to the Executive Committee of Novartis (ECN).

In 2018, the Business Practices Office (BPO) investigated 951 cases (454 of higher risk* and 497 of lower risk) relating to misconduct, covering 1 388 allegations. Out of these, 618 allegations (306 of higher risk* and 312 of lower risk) were substantiated and resulted in 311 dismissals or resignations (157 for higher risk* and 154 for lower risk). Since January 2019, the BPO Office, renamed the SpeakUp Office, focuses on significant cases while empowering local organizations to handle minor and day-to-day concerns to enable faster resolution.

* Higher risk complaint applies to a senior leader or manager, potentially disruptive reputational impact, sexual harassment, discrimination, retaliation and financial significance.

Being part of the solution on pricing and access

In late 2017, we began to systematically integrate access into our business model and committed that all our new product launches will have an access strategy. We established the Novartis Access Principles, built on three pillars: research and development (R&D), affordability, and strengthening healthcare systems. Further, we are taking steps to establish relevant key performance indicators to continually measure our progress. Access is a key measure of success for our leaders and employees, and we aim to be transparent in sharing our successes and our learnings. The CEO and the Executive Committee have access objectives, and access is included in the scorecard used to measure their performance at the

end of the year.

Assessing our R&D portfolio against unmet needs

We systematically assess our R&D portfolio against the unmet needs of underserved populations and integrate these needs, as appropriate, into our drug discovery and development strategy.

- Our innovation process includes adapting existing products for different types of patients or diseases and for diverse environments
- We aim to make our products available in countries with the highest burden of the disease
- We continue our work to reduce the burden of infectious and tropical diseases

The Novartis Working Group for adaptive R&D, initiated in 2016, spans our innovative, established and generic medicines groups and aims to evaluate and execute adaptive development initiatives that deliver incremental benefit to vulnerable patient populations.

In the first review cycle across all development units, 14 project proposals were endorsed to move forward. They include a new child-friendly formulation of hydroxyurea for sickle cell disease; the use of *Entresto* in heart failure related to Chagas disease; a project to identify potential differences in the pharmacokinetics of drugs in African patients, where such data are lacking; and a new *Coartem* formulation to treat malaria in infants below five kilograms of body weight.

Developing effective affordability strategies

We work to make our medicines available by considering both effective affordability strategies and innovative solutions to disease management, as well as off-patent solutions, to complement our innovative medicines portfolio.

- We aim to price our medicines responsibly based on the value they deliver to patients, healthcare systems and society
- To help improve the affordability of our medicines, we strive to take into account income levels, local affordability barriers and economic realities, while maintaining the sustainability of our business
- We plan to conduct regular reviews of prices and affordability strategies as part of our global access strategy reviews to ensure alignment with our Access Principles
- Our patient assistance programs and social business models are to be appropriately scaled to expand their reach and impact

In the US, we implemented guidelines for limiting average net price increases across our portfolio to the healthcare inflation rate. We also proceeded to proactively adjust prices downward in several low- and lower-middle-income countries.

Novartis was one of the first companies to enter into value-based contracting for our medicines. We have multiple agreements in place whereby payments are linked to the outcomes our medicines deliver, for example, for our innovative heart failure medicine *Entresto*

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For *Kymriah*, our breakthrough treatment for certain types of cancers, we have developed a novel outcome-based contract for the indication of B-cell acute lymphoblastic leukemia. Under the agreement, Novartis does not charge participating treatment centers for the cost of *Kymriah* when a patient does not achieve a response within one month following infusion.

For *Zolgensma*, our one-time therapy for patients with Spinal Muscular Atrophy (SMA) approved by the US FDA in 2019, we set its one-time cost at less than 50% of the current 10-year cost of chronic SMA therapy. In addition, we are working closely with payers to offer pay-over-time options up to 5 years and outcomes-based agreements up to 5 years, as well as providing a patient program to support affordability and access. We believe that by taking this responsible approach, we will help patients benefit from this medical innovation and generate significant cost savings for the healthcare system over time.

Local brands

In low- and middle-income countries (LMICs), we have introduced more affordable local brands of many innovative therapies. Overall, we have launched over 60 local brands more than 30 developing markets, reaching more than 220 000 additional patients to date. We have plans to introduce around 50 additional local brands by 2020.

Novartis Social Business (NSB)

NSB comprises several legacy programs (Novartis Access, the Novartis Malaria Initiative, and Novartis Healthy Family). In 2018, NSB reached almost 25 million patients with medicines.

In January 2018, NSB assumed full responsibility for the entire Novartis product range in six countries in Africa and Asia (Malawi, Rwanda, Tanzania, Uganda, Laos and Cambodia). It is now also leading the Sandoz business in Burundi, Kenya and India. These countries have been selected as they are large enough for social business models to scale up and be sustainable over time.

Novartis Access

Novartis Access comprises a portfolio of 15 on- and off-patent medicines addressing key noncommunicable diseases. This basket of medicines is offered to governments, nongovernmental organizations (NGOs) and other institutional customers at a price of USD 1 per treatment, per month. The program also includes capacity-building activities to strengthen healthcare systems in lower-income countries.

In 2018, the program delivered almost 2.3 million monthly treatments to five countries (Cameroon, Ethiopia, Kenya, Rwanda and Uganda). Further, we signed agreements for implementation in Colombia, El Salvador, Pakistan and Nigeria. Our objective remains to roll out the program in 30 countries in the coming years.

Novartis Healthy Family

The Novartis Healthy Family programs expand access to community education, improved infrastructure and affordable healthcare products for people living at the base of the pyramid – in a way that is sustainable. Programs are active in India, Kenya, and Vietnam. In 2018, the Novartis Healthy Family programs reached 7.8 million people through education, and more than 700 000 patients.

Patient Assistance Programs

In the US, the Novartis Patient Assistance Foundation Inc. (NPAF) provides medicines at no cost to eligible US patients who are experiencing financial hardship and have limited or no prescription drug coverage. In 2018, the foundation provided more than USD 1.9 billion in free medicines to more than 68 000 patients in the US, covering more than 65 medicines from our portfolio. Over the past five years, free medication valued at roughly USD 5.8 billion has been provided to around 273 000 patients.

Through Novartis Oncology Access programs in developing markets – specifically in Asia-Pacific, Latin America and the Middle East – Novartis makes oncology medicines, including *Glivec*, *Tasigna* and *Exjade*, available through copay and shared contribution equitable pricing models.

Donations

Since 1999, Novartis has donated high-quality multidrug therapy (MDT) to all leprosy patients in the world through the World Health Organization (WHO), helping treat over 7 million leprosy patients worldwide.

Novartis has also been donating *Egaten* (triclabendazole) to the WHO for the treatment of fascioliasis, or liver fluke, for over a decade. In 2018, the agreement with the WHO was renewed until 2022. Fascioliasis infects more than 2.4 million people globally.

CMLPath to Care™ connects people living with chronic myeloid leukemia (CML) and their carers with effective treatments, professional medical capabilities, trained physicians and hands-on support. Novartis has committed USD 29 million from 2017 to 2021 in the form of financial support and 150 million tablets to cover treatment for approximately 36 000 patients. The donation program will make *Glivec* and *Tasigna* available to patients.

Our generics division, Sandoz, renewed its partnership with World Child Cancer to help improve diagnosis and access to treatment for children with cancer in the developing world. To date 2 468 children have been diagnosed in the Philippines, Ghana, Mexico and Myanmar, and 2 791 healthcare professionals have received training. Sandoz also works with Americares, a leading health-focused relief and development organization.

Strengthening healthcare systems for maximum impact

A treatment is only as good as the system that delivers it. We therefore seek opportunities to

lower local barriers to healthcare delivery, working in collaboration with governments and other partners to support quality patient care in areas where we can have the greatest impact.

- We work to empower patients to take ownership of their health and to better understand and manage their disease
- We invest in the training and support of healthcare workers to expand their knowledge and improve their ability to help patients
- We aim to facilitate programs and collaborations that can aid local research and clinical trial capabilities
- We advocate for and support improvements in healthcare policy and healthcare systems design

Inspiring the next generation of scientists

Through the Next Generation Scientist program, we invite talented young scientists and clinicians from LMICs to our Basel, Switzerland, campus for a three-month research internship. Overall, more than 140 scientists and clinicians from 25 countries have participated in this program developed with the University of Basel.

Tackling cardiovascular health in low-income settings

Two Novartis Foundation hypertension programs - Communities for Healthy Hearts in Ho Chi Minh City, Vietnam (CH2), and the Community-Based Hypertension Improvement Project (ComHIP) in Ghana, have brought hypertension detection and management closer to local communities through blood pressure checkpoints in local shops, pharmacies and other businesses. Digital technology connects new patients with the healthcare system for diagnosis and care. Both national governments have integrated elements of the programs into policy.

The Better Hearts Better Cities initiative builds on learnings from CH2 and ComHIP to improve cardiovascular health in urban populations in three cities on three continents. In 2018, it covered 1.3 million people across Ulaanbaatar in Mongolia, Dakar in Senegal and Sao Paulo in Brazil.

Leveraging digital technology

In May, ministers of health and leaders from the global digital health sector gathered in Geneva for *Universal Health Coverage (UHC) 2030: Creating a global digital health dynamic to shape the 21st century economy and society* on the sidelines of the 72nd World Health Assembly. Hosted by the Global Health Center at the Graduate Institute Geneva, Global He@lth 2030 Innovation Task Force, the Novartis Foundation, and PATH, the event discussed how digital technologies are changing healthcare worldwide, and the impact digital health is having on UHC and economic development.

Reviewing our approach to intellectual property

Novartis does not file or enforce patents in least developed countries or low-income countries.

In late 2018, we further reviewed our approach to patent filing in LMICs in an effort to better align it with the local socio-economic circumstances that exist in many of these countries. As a result, effective 2019, we decided to stop filing patent applications in nine LMICs, where Novartis had previously filed. In the remaining LMICs, we will aim to restrict patent filings to those patent applications covering new molecules or new chemical entities.

Addressing global health challenges

Novartis has a long heritage in tackling neglected tropical diseases, with two flagship programs targeting malaria and leprosy. To date, nearly 900 million treatment courses of our antimalarial *Coartem*, including 375 million pediatric courses of a unique child-friendly formulation, have been delivered without profit and approximately 60 million multidrug therapies for leprosy have been donated through the WHO.

We also have a longstanding investment in research for various infectious and neglected diseases through the Novartis Institute for Tropical Diseases (NITD). Drug discovery efforts at NITD have delivered drug candidates to anticipate the emerging threat of artemisinin resistance. Two drug candidates, KAE609 and KAF156, as well as an innovative formulation of lumefantrine are currently being evaluated in Phase II studies. These programs are conducted with Medicines for Malaria Venture (MMV).

In 2019, the European & Developing Countries Clinical Trials Partnership (EDCTP) granted €10 million over five years to a unique collaboration between antimalarial drug researchers in Africa and Europe from ten academic institutions, Novartis and MMV. The grant will support African trials of a novel antimalarial combination comprising KAF156 and lumefantrine in a new once-daily formulation.

Novartis is a signatory to the London Declaration on Neglected Tropical Diseases, which aims to control, eliminate or eradicate 10 diseases by 2020. In line with our reaffirmed commitment, NITD and the Genomics Institute of the Novartis Research Foundation (GNF) have developed, in partnership with the Wellcome Trust, a promising portfolio of novel drug candidates for the treatment of three kinetoplastid diseases: human African trypanosomiasis (sleeping sickness), leishmaniasis and Chagas disease. Together with our leprosy elimination effort, this strategic focus on kinetoplastid parasitic diseases would address four out of 10 diseases in scope of the London Declaration.

In 2018, the WHO issued revised guidance on the longer regimen to treat multidrug- and rifampicin-resistant tuberculosis, prioritizing oral agents over injectables. Clofazimine is recommended as part of this revised regimen. Novartis has been working to expand the clofazimine label to include this indication; clofazimine is currently only approved in combination with rifampicin and dapsone as a treatment for leprosy.

Helping address the needs of children

Responding to the call from UNICEF to combat childhood pneumonia, Sandoz developed pediatric amoxicillin, today recommended by the WHO as first-line treatment for childhood pneumonia. Over the last three years, Sandoz has supplied more than 3 million pediatric amoxicillin treatment courses to UNICEF and Médecins Sans Frontières. Novartis is now also active in the fight against childhood pneumonia through the Every Breath Counts Coalition, a global network established in 2018.

In September, we announced a partnership with the Global Antibiotic Research & Development Partnership to accelerate the development and availability of generic antibiotics to help reduce child deaths from drug-resistant infections.

Tackling leprosy elimination

Beyond medicines, innovative solutions are required to eliminate leprosy. The Novartis Foundation and Microsoft are partnering with local investigators from Oswaldo Cruz Foundation in Brazil to develop a digital health tool, enabled by artificial intelligence, and a Leprosy Intelligent Image Atlas. These tools aim to speed-up leprosy diagnosis. The publication of the first version of the image atlas is planned for mid-2019. The foundation has also been working with research partners to develop a leprosy diagnostic test. Meanwhile, in 2018, the foundation's Leprosy Post-Exposure Prophylaxis model was incorporated into updated World Health Organization guidelines for the diagnosis, treatment and prevention of leprosy.

Partnering on Chagas and sickle cell disease

In March, we joined the Global Chagas Disease Coalition and also announced our commitment to launch a multinational, prospective, randomized study in people with chronic Chagas cardiomyopathy. Chagas disease is a neglected tropical disease estimated to affect six million people globally, and it is the second most common cause of chronic heart failure in Latin America.

In Africa, we kicked off an effort to establish and strengthen partnerships around sickle cell disease (SCD). Approximately 80% of individuals with SCD globally live in sub-Saharan Africa, and more than half die before age five due to preventable complications.

In Ghana, we signed an agreement with the Ministry of Health, Ghana Health Service and the Sickle Cell Foundation of Ghana to help improve the diagnosis and treatment of sickle cell disease. The partnership aims to improve and extend the lives of people with SCD through a comprehensive approach to screening and diagnosis; treatment and disease management; training and education; and elevating basic and clinical research and scientific capabilities. Specifically, partners will collaborate on field testing and training of national SCD treatment guidelines, the establishment of cross-regional centers of excellence and the implementation of newborn screening at these centers. The partners also will collaborate to improve accessibility of high quality treatment for patients in Ghana.

Addressing drug resistance

Antimicrobial resistance (AMR) is recognized by the WHO as one of the major threats to global public health. It is estimated that AMR could lead to 10 million more deaths annually by 2050.

Sandoz, our generics division, is the world's largest provider of high-quality affordable antibiotics. It is actively involved in global and local partnerships to help ensure the responsible and appropriate use of existing antibiotics in line with the WHO guidelines.

In October, Novartis announced a licensing and equity agreement with Boston Pharmaceuticals for the development of three novel anti-infective drug candidates in the Novartis portfolio that have the potential to treat antibiotic-resistant infections. In December, as part of our strategy to partner and share data with external innovators committed to developing medicines that address global health challenges, we have contributed data from our anti-bacterial research programs to the Pew Charitable Trusts' Shared Platform for Antibiotic Research and Knowledge (SPARK).

Being a responsible citizen

Building trust with society requires doing business responsibly wherever we operate. This includes ensuring the safety and well-being of everyone who uses our medicines, supporting and caring for our associates worldwide, respecting human rights, managing risk in our supply chain and minimizing our environmental impact.

Boosting pharmacovigilance efforts and maintaining product quality

Of the total 202 health authority inspections completed in 2018, all but three were deemed good or acceptable (98.5%). Corrective and preventative actions are under preparation and on track.

We also work to boost pharmacovigilance capabilities in low- and middle-income countries. For example, in Egypt, Novartis is working with patient organizations and healthcare professionals to increase understanding of the importance of pharmacovigilance and improve the timely reporting of safety data. Pharmacovigilance training and awareness initiatives have also been introduced in Peru and Ecuador, and in Kenya with Strathmore University.

Combating falsified and counterfeit medicines

Novartis is using a multipronged, companywide strategy to help tackle pharmaceutical crime. We have made significant progress across the board in 2018. We created a new risk function called Novartis Business Assurance & Advisory, reporting to the CEO, to host the anti-counterfeiting program.

We have expanded our in-house forensic capabilities to authenticate suspicious medicines by procuring two additional authentication spectrometric toolkits (i.e., mobile laboratories) covering the Americas and Asia-Pacific in addition to Europe, the Middle East and Africa.

We have also launched a global online market monitoring program using state-of-the-art technology to detect the sale of suspected falsified Novartis medicines on online pharmacies, social media and other commercial platforms.

We investigate all reported cases of falsified and counterfeit Novartis products. Novartis had a very substantial increase in enforcement cases in 2018, with more than 140 successful enforcement cases in 23 countries, compared to 61 reported in 2017.

Working with patients and caregivers

In 2018, we published our Commitment to Patients and Caregivers, which outlines what patients and caregivers can expect from Novartis. It has four overarching pillars: respecting and understanding the patient community perspective, expanding access to our medicines, conducting responsible clinical trials and recognizing the importance of transparency.

Caring for our people

During 2018, we took major steps to transform our culture. We created a group on our internal social network that brings together more than 120 000 members, with over 94 000 active users and almost 7.3 million messages shared. We launched a new 360-degree assessment to help employees apply the new culture in their daily activities, and improved the process for reviewing employees' performance, putting more emphasis on conversation. In addition, we launched a program to support employees who are affected as a patient or caregiver by cancer, cardiovascular diseases or neurological diseases.

Diversity and Inclusion (D&I)

We have maintained our focus on promoting D&I and were ranked second out of more than 7 000 companies in the 2018 Thomson Reuters D&I Index, up from sixth in 2017. As of year-end 2018, women make up 42% of management, the same as in 2017.

In September, Novartis joined the United Nations Equal Pay International Coalition (EPIC), with a pledge to continue its global practice of conducting regular gender pay analyses and remediating where appropriate. In addition, demonstrating our focus on inclusion, in 2018 Novartis became the first major pharmaceutical company to support the United Nations' workplace standards protecting the rights of lesbian, gay, bisexual, transgender and intersex people.

Corporate Volunteering

The Novartis Corporate Volunteering program operates a virtual platform that matches volunteers with volunteering opportunities. In 2019, the program continued to grow, with 840 associates registered to donate pro-bono skills and time, and 206 new projects initiated. As in previous years, our largest global volunteering activity was our Community Partnership Day. In 2019, nearly 14 000 associates from 56 countries participated, dedicating more than 110 000 hours to their communities.

Further integrating human rights in our business

Since 2017, we have been publishing a modern slavery statement. In 2018, we put a team in place to lead the development and implementation of our human rights strategy and due diligence program, including human rights impact assessments, awareness raising throughout the company, and development of the necessary internal capabilities to help meet our human rights commitments.

So far, we piloted human rights assessments in Turkey, China, Malaysia and Egypt were we identified common risk areas that require follow-up action. For example, we need more regular and broader engagement and consultation with external stakeholders at the local level; to help ensure formal grievance mechanisms and processes are in place for communities living close to our manufacturing operations; and in some markets, to address risks associated with our outsourced workforce.

Corrective action plans have been developed or are in the process of being developed with the four pilot markets.

Maintaining a responsible supply chain

Responsible procurement is the way we encourage companies that we do business with to meet the standards of ethics, business integrity and environmental practice we expect of them. In 2018, 364 suppliers were identified as posing an elevated risk. Of these, 92 have active follow-up actions, including more information requested, audits or on-site assessments. In 2018, we audited 48 suppliers, representing 52% of those identified as requiring follow-up actions.

We identified the need for an end-to-end model that would be applicable across all divisions and geographies. Continuing our work to implement our new Third-Party Risk Management

(TPRM) program, we rolled it out in the first country, Mexico, in October 2018. We expect a phased rollout worldwide in 2019, planned to begin in the Americas (including the US), followed by Asia-Pacific and Europe.

Enhancing our environmental sustainability

We launched a new Environmental Sustainability Strategy with more ambitious targets in 2018.

We aim to become carbon neutral in our own operations (Scope 1 and 2) by 2025, and then reduce our carbon footprint, including that of our supply chain (Scope 1, 2 and 3) by half versus 2016 levels by 2030.

We are also aiming to minimize waste and increase material efficiency, with an ultimate goal of becoming plastic neutral. By 2025, we have committed to eliminate polyvinyl chloride (PVC) in packaging (i.e., secondary and tertiary packaging) and to reduce waste disposal by half versus 2016 levels. By 2030, we are aiming to be completely plastic neutral, with all new products meeting sustainable design principles.

We are also working to achieve water sustainability. Our 2025 goal is to reduce water consumption in our operations by half versus 2016, with no water quality impacts from manufacturing effluents. By 2030, we aim to be water neutral in all areas of our operations.

Disclaimer:

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These materials contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 that can generally be identified by words such as “potential,” “expected,” “will,” “planned,” “pipeline,” “outlook,” or similar expressions, or by express or implied discussions regarding potential new products, potential new indications for existing products, potential product launches, or regarding potential future revenues from any such products; or regarding the potential outcome, or financial or other impact on Novartis, of the proposed divestiture of certain portions of our Sandoz Division business in the US; or regarding the potential impact of the share buyback plan; or regarding potential future sales or earnings of the Group or any of its divisions or potential shareholder returns; or by discussions of strategy, plans, expectations or intentions. Such forward-looking statements are based on the current beliefs and expectations of management regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. You should not place undue reliance on these statements. In particular, our expectations could be affected by, among other things: global trends toward healthcare cost containment, including ongoing government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; regulatory actions or delays or government regulation generally, including potential regulatory actions or delays with respect to the proposed

transactions or the development of the products described in these materials; the potential that the strategic benefits, synergies or opportunities expected from the Alcon and Sandoz transactions may not be realized or may be more difficult or take longer to realize than expected; the inherent uncertainties involved in predicting shareholder returns; the uncertainties inherent in the research and development of new healthcare products, including clinical trial results and additional analysis of existing clinical data; our ability to obtain or maintain proprietary intellectual property protection, including the ultimate extent of the impact on Novartis of the loss of patent protection and exclusivity on key products that commenced in prior years and will continue this year; safety, quality or manufacturing issues; uncertainties regarding actual or potential legal proceedings, including, among others, product liability litigation, disputes and litigation with business partners or business collaborators, government investigations generally, litigation and investigations regarding sales and marketing practices, and intellectual property disputes; uncertainties involved in the development or adoption of potentially transformational technologies and business models; our performance on environmental, social and governance measures; general political, economic and trade conditions, including uncertainties regarding the effects of ongoing instability in various parts of the world; uncertainties regarding future global exchange rates; uncertainties regarding future demand for our products; uncertainties regarding potential significant breaches of data security or data privacy, or disruptions of our information technology systems; and other risks and factors referred to in Novartis AG’s current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in these materials as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.
