

2025 Annual General Meeting

Compensation Votes

Item 7 of the Agenda
(The original German text is binding)

Dear Shareholder,

Our purpose is to reimagine medicines 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 2025 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 2024 Compensation Report as described in this brochure.

Vote 7.1: Binding vote on the maximum aggregate amount of compensation for the Board of Directors from the 2025 Annual General Meeting to the 2026 Annual General Meeting

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 200 000, covering the period from the 2025 Annual General Meeting to the 2026 Annual General Meeting.

Vote 7.2: Binding vote on the maximum aggregate amount of compensation for the Executive Committee for the financial year 2026

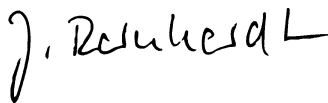
The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 95 000 000 to be paid, promised or granted during, or in respect of, the financial year 2026.

Vote 7.3: Advisory vote on the 2024 Compensation Report

The Board of Directors proposes endorsement of the 2024 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 2024 Annual Report.

On behalf of the Novartis Board of Directors,



Joerg Reinhardt
Board Chair



Simon Moroney
Compensation Committee Chair

Vote 7.1

Binding vote on the maximum aggregate amount of compensation for the Board of Directors from the 2025 Annual General Meeting to the 2026 Annual General Meeting, i.e. CHF 8 200 000

Board members receive only fixed compensation. They receive no variable compensation and no additional fees for attending meetings.

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. Board members bear the full cost of their employee social security contributions, if any. Board members do not receive any company pension, insurance or other benefits, unless mandated by local legislation. Novartis will pay mandatory employer contributions for the incoming Board Chair as required by law, should his nomination be approved at the 2025 AGM.

Each year, the Board of Directors reviews the compensation of its members, including the Board Chair, based on a proposal by the Compensation Committee and advice from its independent advisor, including relevant benchmarking information. The annual Board Chair fee will be CHF 3.5M, which is in line with our peer group median. No further changes are proposed to the Board fees from the 2025 AGM to the 2026 AGM.

Board member annual fees payable for the period from the 2025 AGM to the 2026 AGM

CHF 000s	Fees for period from the 2025 AGM to the 2026 AGM
Board Chair	3 500
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 2025 AGM to the 2026 AGM

The amount shown in the table below assumes that all proposed Board members (and Compensation Committee members) will be elected at the 2025 AGM. The total compensation amount is lower than the amount requested in the previous term. This is due to the Board Chair fee change as well as the lower number of nominated Board members (12 members will be nominated for election at the 2025 AGM compared to 13 at the 2024 AGM).

CHF	Requested for: 2024 AGM – 2025 AGM	Requested for: 2025 AGM – 2026 AGM
Board Chair	3 805 000	3 525 000 ^{1,2}
Other Board members	4 975 000	4 675 000 ¹
Total amount of compensation for the members of the Novartis Board of Directors	8 780 000	8 200 000³

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 Includes CHF 7 000 mandatory employer contributions as required by Swiss pension law and up to CHF 10 000 for estimated relocation costs.

³ The total includes an estimated amount of CHF 20 000 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 497 000 which is not included above, and provides a right to the maximum future insured government pension benefit for the Board members. These estimates exclude potential changes to governmental social security rates.

The total compensation earned by the Board from the 2024 AGM to the 2025 AGM is CHF 8 624 729 which is below the CHF 8 780 000 approved by shareholders at the 2024 AGM.

Vote 7.2

Binding vote on the maximum aggregate amount of compensation for the Executive Committee for the financial year 2026, 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 compensation	
	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 the shareholding requirement is met before performance period starts)	Equity
Performance period	-	-	One year	Three years ⁵
Performance measures	-	-	Balanced scorecard comprising: • Financial measures (60%) ³ • Strategic objectives (40%) ⁴	• Third-party sales CAGR ⁶ (25%) • Core operating income CAGR (25%) • Innovation (25%) • Relative TSR (25%) ⁷

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 net 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 For the CEO and CFO an additional two-year holding period applies after vesting.

⁶ CAGR = compound annual growth rate.

⁷ 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. 2026

The proposed total maximum compensation to be paid, promised or granted to the members of the Executive Committee for 2026 is CHF 95 million, of which CHF 13 million relates to fixed pay and other benefits i.e. the expected minimum, assuming none of the performance measures have been met. The remaining CHF 82 million relates to variable compensation, assuming all performance outcomes for both the Annual Incentive and Long-Term Incentive achieve the level required for the maximum of 200% payout for all Executive Committee members. The latter 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.

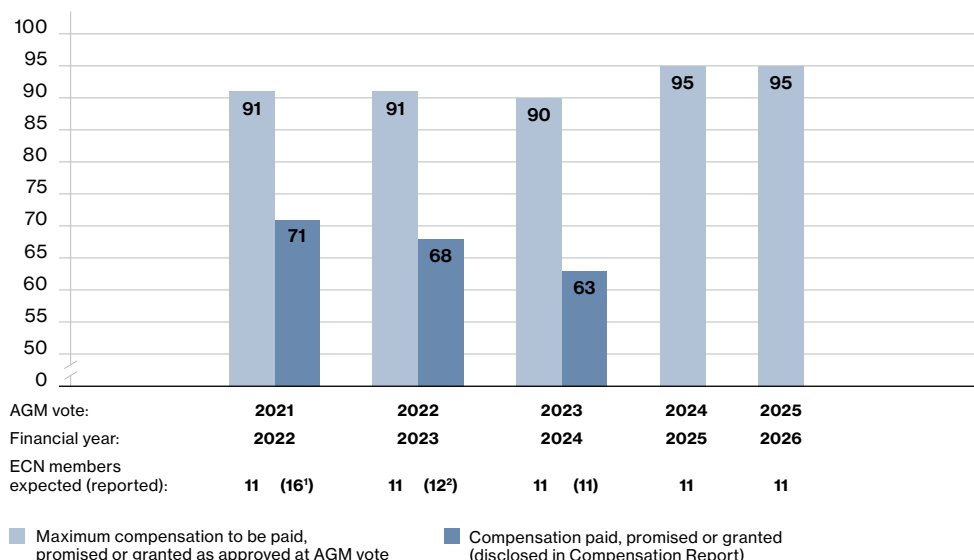
The maximum payout at 200% of target, has never occurred at Novartis, neither individually nor for all Executive Committee members on an aggregated basis.

Evolution of Executive Committee compensation

The chart below shows the maximum amounts approved by shareholders from the 2021 AGM to the 2024 AGM, and to be approved at the 2025 AGM. In addition, it shows for comparison purposes the compensation paid, promised or granted to the members of the Executive Committee for the financial years 2022 to 2024.

Evolution of ECN compensation chart

(in CHF million, rounded)



¹ 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.

² Includes 11 active Executive Committee members and 1 member who left or resigned during 2023.

Vote 7.3

Advisory vote on the 2024 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 2024 Compensation Report.

As of the beginning of last year, the Board of Directors incorporated significant changes into our Executive Committee compensation system, as described in detail in our 2023 Compensation Report.

These changes were strongly supported by shareholders as evidenced by the voting outcomes at the 2024 AGM. Considering this strong endorsement, both the ECN Compensation system as well as the structure of 2024 Compensation Report remain unchanged, providing shareholders with continued transparency in our compensation philosophy and practices.

As outlined in our 2024 Compensation Report, our Executive Committee compensation system is designed to reflect our commitment to aligning pay with performance and driving long-term shareholder value. The payout of both Annual Incentive and Long-Term Incentive is directly tied to achieving ambitious business goals established at the beginning of the performance period, ensuring that rewards are earned through measurable results and exceptional leadership. This well-balanced approach emphasizes both financial performance and strategic milestones, demonstrating our focus on incentivizing sustainable growth while maintaining accountability to our shareholders.

For more details, please see our 2024 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.