

2026 Annual General Meeting

Compensation Votes

Item 5 of the Agenda

(The original German text is binding)



Dear Shareholder,

Our mission 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 rewards those who invest their money, time and ideas in our company.

We aim for sustainable performance over time to benefit patients, employees, shareholders and society. Solid financial results and maintaining the trust of society underpin our ability to create value.

From a compensation perspective, we continued to engage with shareholders and proxy advisors to gather feedback on the compensation system for the Executive Committee, 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 2026 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 2025 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 2026 Annual General Meeting to the 2027 Annual General Meeting

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 240 000, covering the period from the 2026 Annual General Meeting to the 2027 Annual General Meeting.

Vote 5.2: Binding vote on the maximum aggregate amount of compensation for the Executive Committee for the financial year 2027

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 2027.

Vote 5.3: Advisory vote on the 2025 Compensation Report

The Board of Directors proposes endorsement of the 2025 Compensation Report (advisory vote).

This brochure provides information on these three compensation-related votes. Further details regarding the compensation systems for our Board and Executive Committee members are set out in the 2025 Annual Report.

On behalf of the Novartis Board of Directors,



Giovanni Caforio
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 2026 Annual General Meeting to the 2027 Annual General Meeting, i.e. CHF 8 240 000

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 or for security reasons. Novartis pays mandatory employer pension contributions for the Board Chair as required by law.

Each year, as part of our annual governance and compensation review process, 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. Further information on the review completed in December 2025 can be found in vote 5.3.

The table below reflects the composition of the Board of Directors and their respective fees, taking into account the changes to the Committee structure described in the 6.C Corporate Governance section of the Annual Report, which will be effective as of the 2026 AGM.

Board member annual fees payable for the period from the 2026 AGM to the 2027 AGM (compared with the 2025 AGM to the 2026 AGM)

CHF 000s	2026-2027 Fee	2025-2026 Fee
Board Chair	3 500	3 500
Board member	280	280
Vice Chair	50	50
Lead Independent Director	0 ⁴	20
Audit & Compliance Committee Chair ¹	150	130
Compensation Committee Chair ¹	110	90
Other Committee Chair ^{1,2}	90	70
Audit & Compliance Committee member ¹	80	70
Other Committee member ^{1,3}	50	40

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

² Applies to the Governance, Sustainability and Nomination Committee; and the Science and Technology Committee. The Risk Committee will be dissolved with effect from the 2026 AGM.

³ Applies to the Compensation Committee; the Governance, Sustainability and Nomination Committee; and the Science and Technology Committee. The Risk Committee will be dissolved with effect from the 2026 AGM.

⁴ From the 2026 AGM, Simon Moroney will assume both roles as Vice-Chair and Lead Independent Director. In line with past practice, no additional compensation is paid for the Lead Independent Director role if the roles of Vice Chair and Lead Independent Director are held by the same Board Member (combined role with effect from the 2026 AGM).

Amount requested for the period from the 2026 AGM to the 2027 AGM

The amount shown in the table below assumes that all proposed Board members (and Compensation Committee members) will be elected at the 2026 AGM.

CHF	Requested for: 2026 AGM - 2027 AGM	Requested for: 2025 AGM - 2026 AGM
Board Chair	3 550 000 ^{1,2}	3 525 000
Other Board members	4 690 000 ¹	4 675 000
Total amount of compensation for the members of the Novartis Board of Directors	8 240 000 ³	8 200 000

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 the Board fee table above.

² Includes CHF 7 000 mandatory employer contributions as required by Swiss pension law and CHF 36 000 taxable benefit in kind for security-mandated ground transportation (effective as of 2026).

³ The total includes an estimated amount of CHF 15 000 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 478 000 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 2025 AGM to the 2026 AGM is CHF 8 032 579 which is below the CHF 8 200 000 approved by shareholders at the 2025 AGM.

Vote 5.2

Binding vote on the maximum aggregate amount of compensation for the Executive Committee for the financial year 2027, i.e. CHF 95 000 000

The Executive Committee (ECN) compensation 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. Novartis operates in a highly competitive and global talent marketplace and the ability to attract, retain and incentivize high caliber executives is critical to delivering our ambitious strategic plan and creating long-term, sustainable value for our shareholders.

The 2027 Executive Committee 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 ⁶
Performance measures	–	–	Balanced scorecard under a multiplicative approach ³ (Financial measures ⁴ x Strategic objectives ⁵)	<ul style="list-style-type: none"> • Net sales CAGR⁷ (25%) • Core operating income CAGR (25%) • Innovation (25%) • Relative TSR (25%)⁸

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 Effective 2026, the ECN Annual Incentive will align with the rest of the organization in a simplified, multiplicative format. For more information, see vote 5.3.

⁴ Financial measures are net sales (40%), core operating income (30%) and free cash flow as a % of net sales (30%).

⁵ Strategic objectives are aligned with business priorities in any performance year (equally weighted).

⁶ For the CEO and CFO an additional two-year holding period applies after vesting.

⁷ CAGR = compound annual growth rate.

⁸ Effective 2026, 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, Bristol-Myers Squibb, Eli Lilly & Co., Gilead Sciences, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novartis, Novo Nordisk, Pfizer, Roche, Sanofi and Takeda.

Proposed total maximum compensation to be paid, promised or granted to the Executive Committee for the next financial year, i.e. 2027

The proposed total maximum compensation to be paid, promised or granted to the members of the Executive Committee for 2027 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.

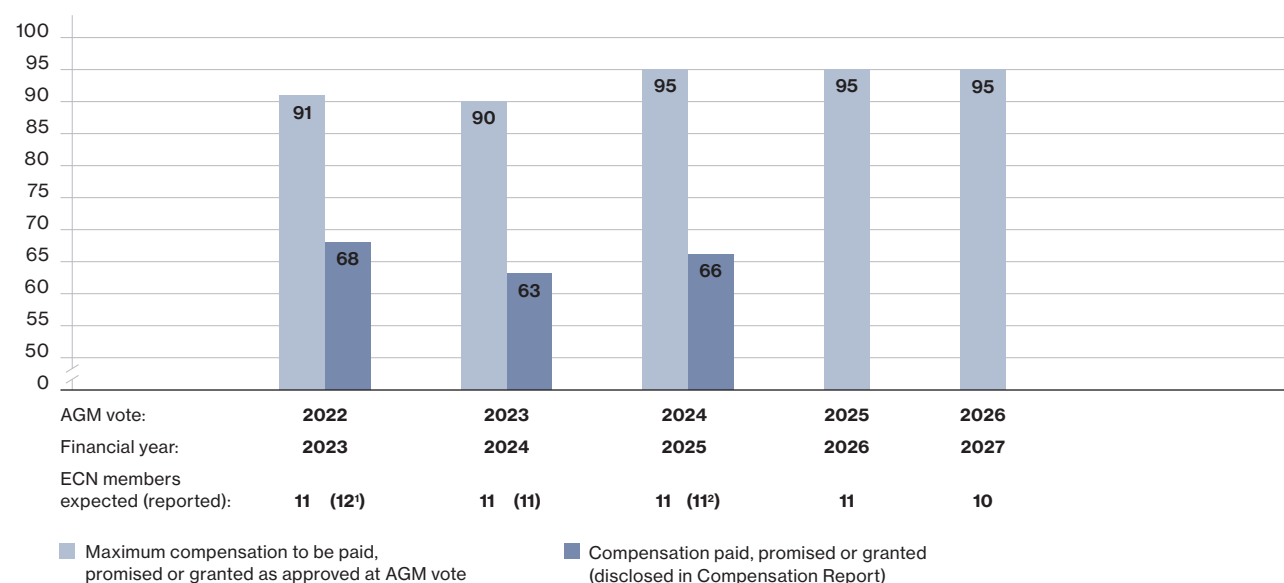
The maximum payout at 200% of target has never occurred at Novartis – neither for the Executive Committee on an aggregated basis nor for any individual member.

Evolution of Executive Committee compensation

The chart below shows the maximum amounts approved by shareholders from the 2022 AGM to the 2025 AGM, and to be approved at the 2026 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 2023 to 2025.

Evolution of ECN compensation chart

(in CHF millions, rounded)



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

² Includes 10 active Executive Committee members and 1 member who left or resigned during 2025.

Vote 5.3

Advisory vote on the 2025 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, as outlined in the 2025 Compensation Report, which include changes to the ECN and Board compensation system effective 2026.

2026 Executive Committee compensation system changes

The compensation of the members of the Executive Committee of Novartis is built on a strong pay-for-performance philosophy. A significant proportion of total compensation is variable, with payouts directly tied to the achievement of short- and long-term financial and strategic objectives. These are delivered through the Annual Incentive and the Long-Term Performance Plan (LTPP), with performance metrics in each case designed to drive sustainable value creation for shareholders. The Compensation Committee oversees the compensation system closely to ensure that outcomes are tightly linked to the company's evolution and strategic priorities.

The Compensation Committee continues to review global pay practices, considering the perspectives of our investors and proxy advisors to ensure our approach is competitive, while remaining aligned with stakeholder expectations. As part of this ongoing review, the Compensation Committee and the Board of Directors decided to make the following changes to the compensation system, effective January 1, 2026:

- **Global healthcare peer group:** The global healthcare peer group reflects the global talent markets from which we recruit, and the specialist expertise required within the ECN. Following a review of the group that we have used for several years, we will remove Biogen as based on revenue and market capitalization, it is a less relevant comparator and add Takeda - a more relevant comparator across key metrics. This change improves the peer group's geographical balance and reflects the global talent markets in which Novartis operates. The revised peer group will be used to benchmark ECN compensation and to assess relative TSR performance for future LTPP awards.
- **Relative TSR payout schedule:** We will adopt a formulaic percentile-based TSR payout structure from the 2026-2028 LTPP cycle. This adjustment of the current structure simplifies the payout schedule and brings it in line with market practice both amongst peer companies and European companies more broadly.
- **Annual Incentive system:** We will align the ECN Annual Incentive with the rest of the organization in a simplified, multiplicative format. This approach, which now applies across the entire company, strengthens performance alignment and rewards achievement of ambitious financial and operational goals. It also allows for more meaningful differentiation, both upwards and downwards, based on financial and individual strategic outcomes. The financial metrics within the Annual Incentive remain unchanged, as do the individual strategic objectives. The Annual Incentive will continue to be capped at 200% and be underpinned by stretched targets, reflecting our commitment to driving exceptional performance.

These changes were also discussed with our shareholders and proxy advisors during the 2025 governance roadshow, and we are grateful for their feedback and support. For more information about these changes, please see our 2025 Compensation Report “—2026 Executive Committee compensation system changes”.

Board fee structure - AGM 2026-2027 changes

As described earlier under vote 5.1, the Compensation Committee regularly conducts a thorough evaluation of Board compensation in light of the evolving responsibilities of Board and Committee members, with the full Board approving the final decisions.

This process is guided by the Compensation Committee's independent advisor and external market data to ensure compensation practices remain consistent with best-practice governance standards, and our goal of attracting and retaining highly qualified non-executive directors.

Following the most recent review, completed in December 2025, the Board decided (i) to keep the Board Chair compensation and Board retainer fees unchanged, and (ii) to implement targeted adjustments to the fees paid to Board Committee chairs and members, effective from the 2026 AGM, which are summarized below.

- **Board committee chair and member fees**
Since 2018, the last time material adjustments were made, committee workloads have increased substantially. Committees now operate in a more dynamic and complex environment, shaped by heightened regulatory expectations and increased engagement with internal and external stakeholders. The increases to committee chair and member fees (CHF 20,000 and CHF 10,000, respectively) reflect these expanded responsibilities and the increased scope and complexity of committee work.
- **Combined Vice Chair and Lead Independent Director (LID) role fee**
From the 2026 AGM, Simon Moroney will assume both roles as Vice-Chair and Lead Independent Director. In line with past practice, this will not result in any additional compensation for the Vice Chair of the Board, which remains at CHF 50,000.

For more details, please see tables under vote 5.1 for the maximum aggregate amount of compensation for the Board of Directors from the 2026 AGM to the 2027 AGM.