

## 6.C Board practices

# Corporate governance

## Framework

Novartis is committed to effective corporate governance, and our corporate governance framework is intended to support sustainable financial performance and long-term value creation for our shareholders, patients, employees and other stakeholders based on our Values and Behaviors.

The Novartis corporate governance principles are further described in key governance documents, in particular in our Articles of Incorporation and the Regulations of the Board, the Board Committees and the Executive Committee (“Board Regulations”) ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)).

The Governance, Nomination and Corporate Responsibilities Committee (GNCRC) regularly reviews both the corporate governance principles and the key governance documents against evolving best practice standards and new developments in line with our commitment to maintaining the highest standards.

### Governance bodies

#### GENERAL MEETING OF SHAREHOLDERS

Approves operating and financial review, Novartis Group consolidated financial statements, and financial statements of Novartis AG; decides appropriation of available earnings and dividend; approves compensation of Board and Executive Committee; elects Board members, Chairman, Compensation Committee members, Independent Proxy and external auditor; adopts and modifies Articles of Incorporation

#### BOARD OF DIRECTORS

**AUDIT AND COMPLIANCE COMMITTEE**

**COMPENSATION COMMITTEE**

**GOVERNANCE, NOMINATION AND CORPORATE RESPONSIBILITIES COMMITTEE**

**RISK COMMITTEE**

**SCIENCE & TECHNOLOGY COMMITTEE**

Sets strategic direction of Novartis, appoints and oversees key executives, approves major transactions and investments, adopts and modifies Board Regulations

#### EXTERNAL AUDITOR

Provides opinion on compliance of Novartis Group consolidated financial statements and the financial statements of Novartis AG with applicable standards and Swiss law, on compliance of the Compensation Report with applicable law, on effectiveness of internal controls over financial reporting, and on the corporate responsibility reporting of Novartis

#### EXECUTIVE COMMITTEE

Responsible for operational management of Novartis

# Group structure and shareholders

## Group structure

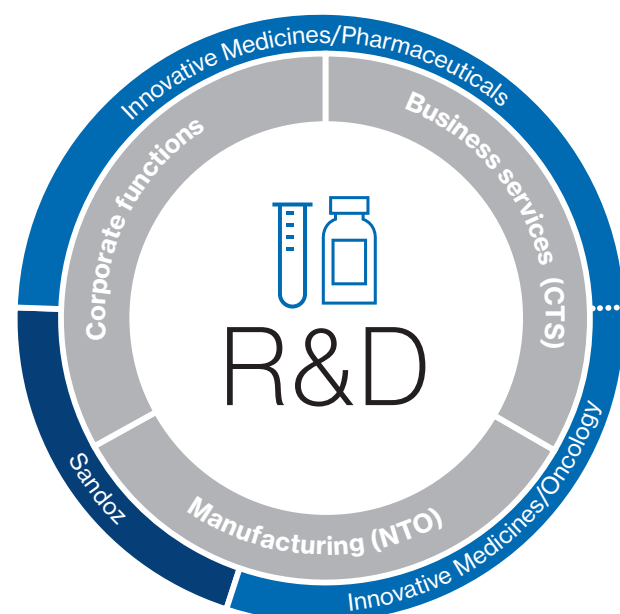
### Novartis AG and Group companies

Novartis AG, the Group's holding company, is a corporation organized under Swiss law with issued registered shares and registered office at Lichtstrasse 35, CH-4056 Basel, Switzerland.

The principal subsidiaries and associated companies of the Novartis Group are shown in "Item 18. Financial Statements—Note 32. Principal Group subsidiaries and associated companies."

### Divisions

Novartis has two focused, customer-facing divisions: Innovative Medicines, which includes the Novartis Pharmaceuticals and Novartis Oncology business units; and Sandoz, the generics and biosimilars division. The divisions are supported by the Novartis Institutes for BioMedical Research (NIBR), Global Drug Development (GDD), Novartis Technical Operations (NTO), Customer & Technology Solutions (CTS),<sup>1</sup> and corporate functions. A detailed review of 2021 business results can be found in "Item 18. Financial Statements—Note 3. Segmentation of key figures 2021, 2020 and 2019."



## Shareholdings

### Majority holdings in publicly traded Group companies

The Novartis Group owns 70.7% of Novartis India Ltd., with registered office in Mumbai, India, and listing on the BSE (formerly known as the Bombay Stock Exchange) (ISIN INE234A01025, symbol: HCBA). The total market value of the 29.3% free float of Novartis India Ltd. was

USD 75.7 million on December 31, 2021, using the quoted market share price at year-end. Applying this share price to all the shares of the company, the market capitalization of the whole company was USD 258.1 million, and that of the shares owned by Novartis was USD 182.4 million.

### Significant minority shareholding owned by the Group

On November 3, 2021, the Novartis Group agreed to sell 53.3 million (approximately 33%) of the bearer shares of Roche Holding AG, with registered office in Basel, Switzerland, and listing on the SIX Swiss Exchange (ISIN CH0012032113, symbol: RO) in a bilateral transaction to Roche Holding AG for USD 20.7 billion. The transaction was approved by the shareholders of Roche Holding AG on November 26, 2021, and was consummated on December 6, 2021.

## Shareholders

### Significant shareholders

According to the Share Register, as of December 31, 2021, the following registered shareholders, including nominees and the American Depositary Share (ADS) depositary, held more than 2% of the total share capital, with the right to vote all their shares based on exemptions granted by the Board of Directors ("Board") (see "—Item 6.C Board practices—Shareholder participation—Voting rights, restrictions and representation—Registration restrictions"):<sup>2</sup>

	% holding of share capital Dec 31, 2021
<b>Shareholders registered for their own account:</b>	
Emasan AG, Basel	3.7
UBS Fund Management (Switzerland) AG, Basel	2.3
Credit Suisse Funds AG, Zurich	2.1
<b>Shareholders registered as nominees:</b>	
Chase Nominees Ltd., London	8.8
The Bank of New York Mellon, New York	3.0
<i>Through The Bank of New York Mellon, Everett</i>	1.6
<i>Through The Bank of New York Mellon, New York</i>	1.1
<i>Through The Bank of New York Mellon, SA/NV, Brussels</i>	0.3
Nortrust Nominees Ltd., London	4.2
<b>Shareholder acting as American Depositary Share (ADS) depositary:</b>	
JPMorgan Chase Bank, N.A., New York	11.1

<sup>1</sup> In 2021, Novartis Business Services (NBS) was merged with the Digital function to form the new CTS unit.

<sup>2</sup> Excluding 4% of the share capital held as treasury shares by Novartis AG or its fully owned subsidiaries

According to a disclosure notification filed with Novartis AG, Norges Bank (Central Bank of Norway), Oslo, held 2.1% of the share capital but was not registered in the Share Register as of December 31, 2021.

According to a disclosure notification filed with Novartis AG and the SIX Swiss Exchange, BlackRock, Inc., New York, held 5% but was registered with less than 2% of the share capital as of December 31, 2021.

Disclosure notifications pertaining to shareholdings filed with Novartis AG and the SIX Swiss Exchange are published on the latter's electronic publication platform: [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

### Duty to make an offer

According to the Swiss Federal Act on Financial Infrastructures, anyone who – directly, indirectly or acting in concert with third parties – acquires equity securities exceeding 33 1/3% of the voting rights of a company (whether or not such rights are exercisable) is required to make an offer to acquire all listed equity securities of that company. A company may raise this threshold up to 49% of the voting rights (“opting up”) or may, under certain circumstances, waive the threshold (“opting out”). Novartis AG has not adopted any such measures.

### Cross shareholdings

Novartis AG has no cross shareholdings in excess of 5% of capital, or voting rights with any other company.

### Overview on shareholder structure

The following tables relate only to registered shareholders and cannot be assumed to represent the entire investor base because nominees and JPMorgan Chase Bank, N.A., as ADS depository, are registered as shareholders for a large number of beneficial owners.

As of December 31, 2021, Novartis AG had approximately 186 000 registered shareholders.

### Number of registered shareholders/shares

As of December 31, 2021 <sup>1</sup>	Number of registered shareholders	% of share capital
1-100	33 572	0.08
101-1 000	110 453	1.84
1 001-10 000	38 146	4.34
10 001-100 000	3 293	3.44
100 001-1 000 000	481	5.95
1 000 001-5 000 000	66	5.38
5 000 001 or more <sup>2</sup>	29	45.25
<b>Total registered shareholders/shares</b>	<b>186 040</b>	<b>66.28</b>
Unregistered shares		33.72
<b>Total</b>		<b>100.00</b>

<sup>1</sup> At the record date of the 2021 Annual General Meeting of Shareholders (AGM), unregistered shares amounted to 16.8%.

<sup>2</sup> Including significant registered shareholders as listed above

### Registered shareholders by type

As of December 31, 2021	Shareholders in %	Shares in %
Individual shareholders	96.72	15.06
Legal entities <sup>1</sup>	3.24	35.71
Nominees, fiduciaries and ADS depository	0.04	49.23
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

<sup>1</sup> Excluding 4% of the share capital held as treasury shares by Novartis AG or its fully owned subsidiaries

### Registered shareholders by country<sup>1</sup>

As of December 31, 2021	Shareholders in %	Shares in %
Belgium	0.12	0.69
France	1.97	0.34
Germany	5.60	1.72
Japan	0.18	0.45
Luxembourg	0.06	0.73
Switzerland <sup>2</sup>	87.31	46.17
United Kingdom	0.60	24.26
United States	0.25	23.56
Other countries	3.91	2.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

<sup>1</sup> Registered shares held by nominees are shown in the country where the company/affiliate entered in the Share Register as shareholder has its registered seat.

<sup>2</sup> Excluding 4% of the share capital held as treasury shares by Novartis AG or its fully owned subsidiaries

# Capital structure

## Share capital

As of December 31, 2021, the share capital amounted to CHF 1 217 210 460 fully paid-in and divided into 2 434 420 920 registered shares with a nominal value of CHF 0.50 each.

Shares are listed on the SIX Swiss Exchange (ISIN CH0012005267, symbol: NOVN) and on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs) representing American Depositary Shares (ADSs) (ISIN US66987V1098, symbol: NVS).

No authorized and conditional capital exists as of December 31, 2021.

## Shares, participation certificates, non-voting equity securities, profit-sharing certificates

Shares are issued as uncertificated securities (in the sense of the Swiss Code of Obligations) and as book entry securities (in terms of the Swiss Act on Intermediated Securities). All shares have equal voting rights and carry equal entitlements to dividends. No participation certificates, non-voting equity securities (Genussscheine) or profit-sharing certificates have been issued.

## Changes to share capital

AGM	Shareholder decision	Shares canceled	Average repurchase share price (CHF) <sup>1</sup>
2019	<ul style="list-style-type: none"> <li>Capital reduction by CHF 11.63 million (from CHF 1 275 312 410 to CHF 1 263 687 410)</li> <li>Authorization of the Board to repurchase shares up to a maximum of CHF 10 billion until the 2022 AGM under an eighth share repurchase program</li> </ul>	23 250 000	79.08
2020	<ul style="list-style-type: none"> <li>Capital reduction by CHF 30.16 million (from CHF 1 263 687 410 to CHF 1 233 530 460)</li> </ul>	60 313 900	88.18
2021	<ul style="list-style-type: none"> <li>Capital reduction by CHF 16.3 million (from CHF 1 233 530 460 to CHF 1 217 210 460)</li> <li>Authorization of the Board to repurchase shares up to a maximum of CHF 10 billion between the 2021 AGM and the 2024 AGM</li> </ul>	32'640'000	80.57

AGM	Proposal to the shareholders	Shares to be canceled	Average repurchase share price (CHF) <sup>1</sup>
2022	<ul style="list-style-type: none"> <li>Capital reduction by CHF 15.3 million (from CHF 1 217 210 460 to CHF 1 201 860 626)</li> <li>Authorization of the Board to repurchase shares up to a maximum of CHF 10 billion between the 2022 AGM and the 2025 AGM<sup>2</sup></li> </ul>	30 699 668	81.82

<sup>1</sup> All shares were repurchased on the SIX Swiss Exchange second trading line.

<sup>2</sup> In addition to the remaining authorization from the 2021 AGM

## Key Novartis share data

	2021	2020	2019
<b>Issued shares</b>	<b>2 434 420 920</b>	<b>2 467 060 920</b>	<b>2 527 374 820</b>
Treasury shares <sup>1</sup>	199 480 972	210 238 872	262 366 332
<b>Outstanding shares at December 31</b>	<b>2 234 939 948</b>	<b>2 256 822 048</b>	<b>2 265 008 488</b>
<b>Weighted average number of shares outstanding</b>	<b>2 242 601 173</b>	<b>2 277 041 940</b>	<b>2 290 792 782</b>

<sup>1</sup> Approximately 102 million treasury shares (2020: 103 million; 2019: 118 million) are held in Novartis entities that restrict their availability for use.

## Per-share information<sup>1</sup>

	2021	2020	2019
Basic earnings per share from continuing operations (USD)	10.71	3.55	3.12
Basic earnings per share from discontinued operations (USD)			2.00
<b>Total basic earnings per share (USD)</b>	<b>10.71</b>	<b>3.55</b>	<b>5.12</b>
Diluted earnings per share from continuing operations (USD)	10.63	3.52	3.08
Diluted earnings per share from discontinued operations (USD)			1.98
<b>Total diluted earnings per share (USD)</b>	<b>10.63</b>	<b>3.52</b>	<b>5.06</b>
Net cash flows from operating activities from continuing operations (USD)	6.72	5.99	5.91
Year-end equity for Novartis AG shareholders (USD)	30.31	25.07	24.49
Dividend (CHF) <sup>2</sup>	3.10	3.00	2.95
Dividend (USD) <sup>3</sup>	3.39	3.20	3.12

<sup>1</sup> Calculated on the weighted average number of shares outstanding, except year-end equity

<sup>2</sup> 2021: proposal to shareholders for approval at the AGM on March 4, 2022.

<sup>3</sup> Translated into US dollars at the December 31, 2021, rate of USD 1.093 to the Swiss franc. This translation is an example only, and should not be construed as a representation that the Swiss franc amount represents, or has been or could be converted into US dollars at that or any other rate. 2020 and 2019, dividends are translated into US dollars at the Bloomberg Market System Rate on the payment date.

## Key ratios – December 31

	2021	2020	2019
Price/earnings ratio <sup>1</sup>	8.2	26.7	18.5
Price/earnings ratio from continuing operations <sup>1</sup>	8.2	26.7	30.4
Dividend yield (%) <sup>1</sup>	3.9	3.6	3.2

<sup>1</sup> Based on the Novartis share price at December 31 of each year

## Key data on ADRs issued in the US

	2021 <sup>1</sup>	2020 <sup>1</sup>	2019 <sup>1</sup>
Year-end ADR price (USD)	87.47	94.43	94.69
High <sup>2</sup>	98.47	99.01	96.14
Low <sup>2</sup>	79.70	70.67	75.40
Number of ADRs outstanding <sup>3</sup>	269 891 321	288 755 853	315 073 094

<sup>1</sup> 2021, 2020 and 2019 exclude the business of Alcon, which was spun off in April 2019 into a separately traded standalone company.

<sup>2</sup> Based on the daily closing prices

<sup>3</sup> The depositary, JPMorgan Chase Bank, N.A., holds one Novartis AG share for every ADR issued.

## Share price (CHF)

	2021 <sup>1</sup>	2020 <sup>1</sup>	2019 <sup>1</sup>
Year-end share price	80.28	83.65	91.90
High <sup>2</sup>	86.75	95.82	96.04
Low <sup>2</sup>	73.44	69.96	77.03
<b>Year-end market capitalization (USD billions)<sup>3</sup></b>	<b>196.1</b>	<b>214.3</b>	<b>214.8</b>
<b>Year-end market capitalization (CHF billions)<sup>3</sup></b>	<b>179.4</b>	<b>188.8</b>	<b>208.2</b>

<sup>1</sup> 2021, 2020 and 2019 exclude the business of Alcon, which was spun off in April 2019 into a separately traded standalone company.

<sup>2</sup> Based on the daily closing prices

<sup>3</sup> Market capitalization is calculated based on the number of shares outstanding (excluding treasury shares). Market capitalization in USD is based on the market capitalization in CHF converted at the year-end CHF/USD exchange rate.

# Shareholder participation

## Shareholder engagement

Shareholder engagement is fundamental to our commitment to governance and transparency, and the feedback we receive during these engagements helps us create long-term and sustainable value.

We concentrate our outreach efforts on our largest 100 shareholders – portfolio managers, buy-side professionals, stewardship teams and ESG analysts – who represent 60% of our ownership. While the Chairman, CEO and CFO together with Investor Relations are accountable for ensuring effective shareholder engagement, other senior managers from within and outside the Executive Committee also participate in the meetings. We conduct regular outreach to investors throughout the year.

### TYPES OF ENGAGEMENTS (SELECT EXAMPLES):

- AGM and quarterly results teleconferences (TCs)
- Bank conferences and management roadshows
- “Meet Novartis Management” capital markets event
- R&D Day
- Oncology pipeline update
- Governance roadshow and TCs
- Chairman’s TCs for US and UK investors
- ESG Investor Day and roadshows

### TOPICS DISCUSSED WITH SHAREHOLDERS DURING 2021:

#### INNOVATION:

- Progress and milestones
- Data of pipeline projects
- Replacement power
- Launches (e.g., *Kesimpta*, *Cosentyx*, *Entresto*, *Leqvio*)
- Progress on key mergers and acquisitions (M&A) investments

#### OPERATIONAL EXECUTION:

- Financial prudence and supply chain resilience during COVID-19
- Progress on financial, strategic and operational performance
- Long-term sustainability of financial performance
- Capital allocation strategy
- Policy and pricing environment
- Life cycle management

#### DATA AND DIGITAL:

- New initiatives and progress on cybersecurity, artificial intelligence and technology

#### BUILDING TRUST WITH SOCIETY AND CULTURE (ESG):

- COVID-19 response to address all stakeholder needs
- Board accountability on ESG, and integration of ESG and compensation
- Strong governance, enhanced process and focus on material ESG factors, leading to improved rating agency scores
- ESG targets: full carbon neutrality, patient access targets for strategic innovative therapies, and global health flagship programs
- Sustainability-linked bond demonstrating ESG innovation
- Progress on culture and metrics
- Integrated, sustainable business models and access principles to help address access and inequities

#### COMPENSATION AND GOVERNANCE:

- Diversity of the Board, the Executive Committee and the Company
- Board renewal, succession planning and evaluation
- Link of compensation system to key strategic priorities
- Risk oversight
- Stakeholder expectations from the Board on ESG
- Overboarding

We appreciate the value that shareholders attach to ESG matters. We will continue to integrate ESG into our strategy and to promote transparency through our comprehensive

ESG engagement program. We have more than doubled the number of investor engagements on ESG matters in recent years, and in 2021, our CEO led our ESG Investor Day for the third time (marking our eighth dedicated ESG event for investors since 2014). We also held virtual roadshows in 2021 as part of our engagement with North American, European and Asian investors.

## Voting rights, restrictions and representation

### REGISTRATION

Shareholders have the right to vote and to execute all other rights as granted under Swiss law and the Articles of Incorporation (see, in particular, articles 17 and 18 of the Articles of Incorporation).

Each share registered with the right to vote by the third business day before the General Meeting entitles the holder to one vote at General Meetings. Article 5, paragraph 2 of the Articles of Incorporation provides that to be registered with voting rights, a shareholder must declare that he or she acquired the shares in his or her own name and for his or her own account. According to article 5, paragraph 3 of the Articles of Incorporation, the Board may register nominees with the right to vote. The Share Register is an internal, non-public register subject to statutory confidentiality and data privacy.

The Articles of Incorporation are available at [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance).

### REGISTRATION RESTRICTIONS

Article 5, paragraph 2 of the Articles of Incorporation provides that no shareholder shall be registered with the right to vote for more than 2% of the share capital. Given that shareholder representation at General Meetings traditionally has been rather low in Switzerland, Novartis AG considers registration restrictions necessary to prevent a minority shareholder from dominating a General Meeting. The Board may, upon request, grant an exemption. Considerations include whether the shareholder supports our goal of creating sustainable value and has a long-term investment horizon. Exemptions are in force for the registered shareholders listed in “—Item 6.C Board practices—Group structure and shareholders—Shareholders—Significant shareholders.” Exemptions also apply to the Novartis Foundation for Employee Participation, Basel, which as of December 31, 2021, was registered in the Share Register with less than 2% of the share capital, and to Norges Bank (Central Bank of Norway), Oslo, which as of December 31, 2021, was not registered but held 2.1% according to a disclosure notification filed with Novartis AG. No further exemptions were requested in 2021. The same restrictions indirectly apply to ADR holders.

Article 5, paragraph 3 of the Articles of Incorporation provides that no nominee shall be registered with the right to vote for more than 0.5% of the registered share capital. The Board may, upon request, grant an exemption from this restriction if the nominee discloses the names, addresses and number of shares of the persons for whose account it holds 0.5% or more of the registered share capital. Exemptions are in force for the nominees listed in “—Item 6.C Board



practices—Group structure and shareholders—Shareholders—Significant shareholders,” and for the nominee Citibank, London, which in 2015 requested an exemption, but as of December 31, 2021, was not registered in the Share Register. The same restrictions indirectly apply to ADR holders.

According to article 5, paragraph 4 of the Articles of Incorporation, shareholders, ADR holders, or nominees who are linked to each other or who act in concert to circumvent registration restrictions are treated as one person or nominee for the purposes of the restrictions on registration.

The registration restrictions may be changed by resolution of the General Meeting, with approval of at least two-thirds of the votes represented at the meeting.

The Articles of Incorporation are available at [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance).

#### REPRESENTATION AND ONLINE VOTING PLATFORM

Registered shareholders will receive personal invitations to the General Meetings along with a registration/proxy form as well as a personal one-time password and a QR code to log in to our online voting platform. By returning the registration/proxy form or using the online voting platform, shareholders would normally be able to order an admission card for the General Meeting or appoint another shareholder or the Independent Proxy to vote their shares on their behalf. However, in accordance with Swiss legislation passed in response to the COVID-19 pandemic, physical attendance at the 2021 Annual General Meeting (AGM) was not possible, and shareholders could exercise their voting rights only through the Independent Proxy. Due to the challenging and unpredictable situation regarding COVID-19, the Board decided in December 2021 to also hold the 2022 AGM without shareholders being physically present.

If the Independent Proxy is appointed, shareholders can also give voting instructions on alternative or additional motions related to the agenda items either (i) following the recommendations of the Board for such alternative or additional motions, or (ii) opposing such alternative or additional motions. They can also abstain from voting.

Shareholders choosing not to receive the comprehensive invitation materials will be informed of upcoming General Meetings through a letter containing the login credentials to access the online platform as well as a reference to [www.novartis.com/investors/shareholder-information/general-meetings](http://www.novartis.com/investors/shareholder-information/general-meetings), where all relevant information is available.

#### ADR HOLDERS

ADR holders have the rights enumerated in the deposit agreement (such as the right to give voting instructions and to receive dividends). The ADS depository of Novartis AG – JPMorgan Chase Bank, N.A., New York – holds the shares underlying the ADRs and is registered as a shareholder in the Share Register. An ADR is not a share, and an ADR holder is not a Novartis AG shareholder. Each ADR represents one share. ADR holders exercise their voting rights by instructing the depository to exercise their voting rights. The ADS depository exercises the voting rights for registered shares underlying ADRs for which no voting instructions have been given by providing a discretionary proxy to an uninstructed independent designee. Such designee has to be a shareholder.

## General Meeting

#### CONVENING

The AGM must be held within six months after the end of our financial year (December 31), and normally takes place in late February/early March. Extraordinary General Meetings may be requested by the Board, the external auditor, or shareholders representing at least 10% of the share capital.

#### AGENDA

Shareholders representing shares with an aggregate nominal value of at least CHF 1 million may request that an item be included in a General Meeting agenda. Such requests must be made in writing at least 45 days before the meeting, specifying the requested item and proposal.

#### POWERS

According to article 17 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the following powers are vested exclusively in the General Meeting:

- Adoption and amendment of the Articles of Incorporation
- Election and removal of the Chairman, the Board and Compensation Committee members, the Independent Proxy and the external auditor
- Approval of the management report and of the consolidated financial statements
- Approval of the financial statements of Novartis AG, and decision on the appropriation of available earnings shown on the balance sheet, including dividends
- Approval of the maximum aggregate compensation of the Board (from an AGM until the next AGM) and of the Executive Committee (for the financial year following the AGM). If the maximum aggregate amount of compensation already approved by the AGM is not sufficient to cover the compensation of newly appointed or promoted Executive Committee members, Novartis may use up to 40% of the amount last approved for the newly appointed or promoted Executive Committee members.
- Discharge of Board and Executive Committee members
- Decision on other matters that are reserved by law or by the Articles of Incorporation (e.g., advisory vote on the Compensation Report) to the General Meeting

#### STATUTORY QUORUMS

The General Meeting passes resolutions and elections with the absolute majority of the votes represented at the meeting. However, under article 18 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the approval of two-thirds of the votes represented at the meeting is required for:

- Alteration of the purpose of Novartis AG
- Creation of shares with increased voting powers
- Implementation of restrictions on the transfer of registered shares, and the removal of such restrictions
- Authorized or conditional increase of the share capital
- Increase of the share capital out of equity, by contribution in kind, for the purpose of an acquisition of property or the grant of special rights
- Restriction or cancellation of subscription rights
- Change of the registered office of Novartis AG
- Dissolution of Novartis AG

In addition, the law provides for a qualified majority for other resolutions, such as a merger or demerger.

# Board of Directors

## Composition (as per December 31, 2021)

<b>CHAIRMAN:</b> J. Reinhardt	N. Andrews T. Buechner P. Bula E. Doherty	A. Fudge B. Heller F. van Houten S. Moroney	A. von Planta <sup>1</sup> C. Sawyers W. Winters	
<b>VICE CHAIRMAN, LEAD INDEPENDENT DIRECTOR:</b> E. Vanni				
<b>AUDIT AND COMPLIANCE COMMITTEE</b>	<b>COMPENSATION COMMITTEE</b>	<b>GOVERNANCE, NOMINATION AND CORPORATE RESPONSIBILITIES COMMITTEE</b>	<b>RISK COMMITTEE</b>	<b>SCIENCE &amp; TECHNOLOGY COMMITTEE</b>
E. Doherty (Chair) T. Buechner B. Heller F. van Houten E. Vanni	S. Moroney (Chair) P. Bula B. Heller E. Vanni W. Winters	A. von Planta (Chair) A. Fudge C. Sawyers E. Vanni W. Winters	T. Buechner (Chair) N. Andrews E. Doherty A. von Planta	J. Reinhardt (Chair) N. Andrews A. Fudge F. van Houten S. Moroney C. Sawyers

<sup>1</sup> Mr. von Planta will not stand for re-election at the 2023 AGM.

## Changes to the Board of Directors

Srikant Datar, Board member since 2003, did not stand for re-election at the 2021 AGM following his appointment as dean of Harvard Business School in the US. Mr. Datar's CV can be found in the 2020 Annual Report (page 136), available at [www.novartis.com/media-library/novartis-annual-report-2020](http://www.novartis.com/media-library/novartis-annual-report-2020).

## Election and term of office

Board members (including the Chairman) and Compensation Committee members are elected individually by shareholders at the General Meeting for a one-year term of office. The term of office expires at the end of the next AGM.

As adopted by the 2021 AGM, the previous age limit set forth in the Articles of Incorporation was replaced by a term limit. Accordingly, a member shall not serve on the Board for more than 12 years. Under special circumstances and if deemed to be in the best interest of the Company, the Board may recommend exceptions to the shareholders (see article 20, paragraph 3 of the Articles of Incorporation: [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)).

The term limit supports our commitment to renew the Board on an ongoing basis. It also follows international best practice, which increasingly asks for an overall tenure of no more than 12 years. We believe age is still a relevant factor in Board composition, and the GNCRC will consider this and other factors – including gender, nationality and ethnicity – when evaluating candidates and exploring ways to increase Board diversity.

## Succession planning

The Chairman, supported by the GNCRC, ensures effective succession plans for the Board, the CEO and the Executive Committee. These plans are discussed by the Board in private meetings. A search for a new Board member is launched – normally with the support of a professional executive search company – with individual selection criteria defined based on the evolving needs of the Company and a continuing focus on diversity. The set of competencies (further explained in “—Item 6.C Board practices—Board of Directors—Board skills”) is also an important criterion for the GNCRC when evaluating new candidates. Candidates are interviewed by the Chairman, members of the GNCRC, other Board members, and members of the Executive Committee. The GNCRC then makes a recommendation to the full Board, and the Board ultimately decides who should be proposed for election at the upcoming AGM.

The Board will propose to the shareholders Ana de Pro Gonzalo as new Board member for election at the 2022 AGM. Andreas von Planta already announced that he will not stand for re-election at the 2023 AGM. To ensure an orderly transition, the Board will also propose the re-election of Mr. von Planta by granting an exception pursuant to article 20, paragraph 3 of the Articles of Incorporation, as he will exceed the 12-year term limit introduced last year.



## Independence

All Board members – including the Chairman – are non-executive and independent, pursuant to applicable corporate governance rules and Novartis independence criteria, which are outlined in Appendix II to the Board Regulations ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)). In particular, no Board member is or was a member of the management of Novartis AG or of any other Novartis Group company in the last three financial years up to December 31, 2021, or has a significant business relationship with Novartis AG or with any other Novartis Group company. Because all Board members are independent, no separate meetings of independent Board members were held in 2021.

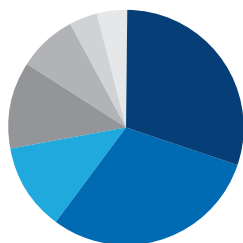
Independence is assessed annually. Each Board member completes an independence questionnaire that is subject to review by the GNCRC. The GNCRC then submits a proposal to the full Board, and the Board determines the independence status of each Board member.

## Diversity

Diversity of culture, experience and opinion is a key factor to success and Board effectiveness. A diverse Board ensures that the appropriate balance of skills, expertise and experience is represented to discharge responsibilities to shareholders, and helps create long-term value. We are continuously looking for opportunities to increase our Board diversity, including gender, age, nationality and ethnicity. The female representation on our Board currently amounts to 31%. The GNCRC is focused on achieving even greater diversity when identifying new Board member candidates.

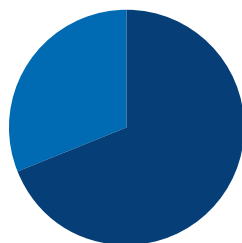
### Diversity profile

#### Nationality<sup>1</sup>



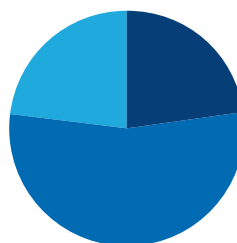
American	30%
Swiss	30%
Dutch	12%
German	12%
British	8%
Irish	4%
New Zealander	4%

#### Gender



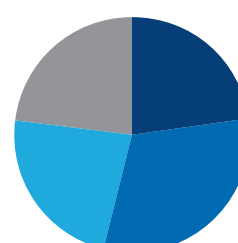
Male	69%
Female	31%

#### Age



55-60	23%
61-65	54%
>65	23%

#### Tenure



<3 y	23%
3-6 y	31%
7-9 y	23%
>9 y	23%

<sup>1</sup> Please note that five Board members have dual nationalities. Each of these nationalities is counted as a half in the above chart.

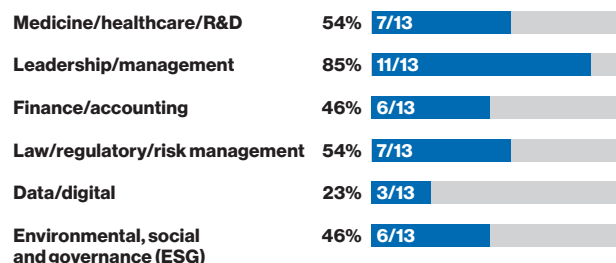
## Board skills

Upon proposal by the GNCRC, the Board has determined a diverse set of competencies for its members that aligns with our status as a listed company as well as our business portfolio, geographic reach and culture. Based on this set of competencies, our Board members were asked to identify their most relevant skills highlighted by their educational background, professional experience and personal achievements.

The GNCRC assesses the set of competencies as well as the individual skills annually to ensure that an appropriate balance of skills, expertise, experience and diversity is represented on the Board.

To learn more about our Board members' biographies and their individual skills, see “—Item 6.C Board practices—Board of Directors—Members of the Board of Directors.”

### Board skill distribution



## Members of the Board of Directors



### Joerg Reinhardt, Ph.D.

Chairman since 2013 | Nationality: German | Year of birth: 1956

Joerg Reinhardt is a healthcare industry veteran whose career spans nearly 40 years. After receiving his doctorate in pharmaceutical sciences, Mr. Reinhardt joined Sandoz Pharma Ltd., a predecessor to Novartis, in 1982. He held a number of senior leadership positions at Novartis, including Chief Operating Officer and Head of the Vaccines and Diagnostics Division. Additionally, he led Bayer HealthCare AG as chairman of the board of management and the executive committee from 2010 to 2013.

#### Professional experience

- Chairman of the board of management and the executive committee, Bayer HealthCare AG, Germany (2010–2013)
- Chief Operating Officer, Novartis AG, Switzerland (2008–2010)
- Head of the Vaccines and Diagnostics Division, Novartis AG, Switzerland (2006–2008)
- Various managerial positions at Sandoz Pharma Ltd. and Novartis AG, Switzerland (1982–2006)

#### Mandates

- Senate member, Helmholtz Association of German Research Centres, Germany
- Chairman of the board of trustees, Institute of Molecular and Clinical Ophthalmology Basel (IOB), Switzerland
- Chairman of the board of trustees, Novartis Foundation, Switzerland
- Board member, Swiss Re AG, Switzerland
- Member of the European Advisory Panel, Temasek Holdings Private Ltd., Singapore
- Board member, Lonza Group AG, Switzerland (2012–2013)
- Chairman, Genomics Institute of the Novartis Research Foundation, US (2000–2010)

#### Education

- Doctorate in pharmaceutical sciences, Saarland University, Germany

#### Key skills

📖 Medicine/healthcare/R&D 🌐 Leadership/management 🔄 Law/regulatory/risk management



### Enrico Vanni, Ph.D.

Vice Chairman since 2011 | Lead Independent Director since January 1, 2021 | Nationality: Swiss | Year of birth: 1951

Enrico Vanni is an expert in business management, healthcare and technology who began his career as a research engineer at the International Business Machines Corp. (IBM) in the US. He later joined McKinsey & Co. in Switzerland, where he managed the Geneva office and led the firm's European pharmaceutical practice. Since retiring in 2007, Mr. Vanni has continued to support leaders of pharmaceutical and biotechnology companies on core strategic challenges facing the healthcare industry.

#### Professional experience

- Independent consultant supporting leaders of pharmaceutical and biotechnology companies (2008–2015)
- Director, consulting in pharmaceutical, consumer and financial sectors, McKinsey & Co., Switzerland (1994–2007)
- Head of the Geneva office, McKinsey & Co., Switzerland (1988–2004)

#### Mandates

- Board member, Advanced Oncotherapy PLC, UK
- Board member, Lombard Odier & Cie SA, Switzerland
- Board member, Banque Privée BCP (Suisse) SA, Switzerland (2009–2021)
- Board member, Eclotion2 SA, Switzerland (2009–2017)
- Board member, Alcon Inc., Switzerland (2010–2011)
- Board member, Actavis PLC, Ireland (2010)

#### Education

- Master of Business Administration, INSEAD, France
- Doctorate in physical chemistry, University of Lausanne, Switzerland
- Engineering degree in chemistry, Federal Polytechnic School of Lausanne, Switzerland

#### Key skills

📖 Medicine/healthcare/R&D 🌐 Finance/accounting



### Nancy C. Andrews, M.D., Ph.D.

Board member since 2015 | Nationality: American/Swiss | Year of birth: 1958

Nancy C. Andrews has extensive experience as a physician, scientist, professor and senior administrator at leading academic institutions and hospitals. Her distinguished career spans more than 30 years, with leadership roles at both Harvard Medical School and the Duke University School of Medicine. Dr. Andrews currently chairs the board of the American Academy of Arts and Sciences, and is credited with conducting research that led to advances in understanding iron biology and iron diseases.

#### Professional experience

- Executive vice president and chief scientific officer, Boston Children's Hospital, US (December 2021–present)
- Dean emerita, Duke University School of Medicine, and vice chancellor emerita for academic affairs, Duke University, US (2017–2021)
- Dean, Duke University School of Medicine, and vice chancellor for academic affairs, Duke University, US (2007–2017)
- Professor of pediatrics, pharmacology and cancer biology, Duke University, US (2007–2021)
- Dean for basic sciences and graduate studies, Harvard Medical School, US (2003–2007)
- Director, Harvard/MIT M.D.-Ph.D. Program, US (1999–2003)
- Biomedical research investigator, Howard Hughes Medical Institute, US (1993–2006)

#### Mandates

- Board member, Maze Therapeutics Inc., US
- Board member and chair of the Science and Technology Committee, Charles River Laboratories International Inc., US
- Council member, National Academy of Sciences, US
- Former council member (2013–2019) and member, National Academy of Medicine, US
- Member of the executive committee of the Corporation, Massachusetts Institute of Technology, US
- Chair of the board, American Academy of Arts and Sciences, US
- Member of the Scientific Advisory Board, Dyne Therapeutics Inc., US
- Board member and former chair, Burroughs Wellcome Fund, US (2011–2019)
- Member of the Scientific Management Review Board, National Institutes of Health, US (2014–2019)

#### Education

- Doctor of medicine, Harvard Medical School, US
- Doctorate in biology, Massachusetts Institute of Technology, US
- Master of Science and Bachelor of Science in molecular biophysics and biochemistry, Yale University, US

#### Key skills

📖 Medicine/healthcare/R&D 🌐 Leadership/management



### Ton Buechner

Board member since 2016 | Nationality: Dutch/Swiss | Year of birth: 1965

Ton Buechner is an engineer by training who started his career in the oil and gas construction industry. Before becoming the CEO of Sulzer AG, he held several divisional leadership roles at the company and worked in markets including Asia. Mr. Buechner most recently served as CEO and chairman of the executive board of AkzoNobel NV, where he introduced industry-leading ESG policies.

#### Professional experience

- CEO and chairman of the executive board, AkzoNobel NV, Netherlands (2012–2017)
- CEO, Sulzer AG, Switzerland (2007–2011)
- President, Sulzer Pumps, Switzerland (2003–2006)
- President, Sulzer Turbomachinery Services, Switzerland (2000–2002)
- Various managerial positions at Sulzer AG, China and Switzerland (1994–2000)

#### Mandates

- Chairman of the board of directors and the sustainability board, Swiss Prime Site AG, Switzerland
- Chairman of the board of directors and the Strategy and Sustainability Committee, Burckhardt Compression AG, Switzerland
- Advisor, Ammega, Switzerland
- Member of the presidential and shareholder committees, Voith GmbH & Co. KGaA, Germany (2014–2020)
- Member of the supervisory board, Voith GmbH & Co. KGaA, Germany (2014–2018)

#### Education

- Master of Business Administration, IMD business school, Switzerland
- Master of Science in civil engineering, Delft University of Technology, Netherlands

#### Key skills

🌐 Leadership/management 📊 Finance/accounting ⚖️ Law/regulatory/risk management 🌱 Environmental, social and governance (ESG)



## Patrice Bula

Board member since 2019 | Nationality: Swiss | Year of birth: 1956

Patrice Bula has 40 years of global management experience and is a leader in the consumer goods industry across established and emerging markets. He has served in various senior roles at Nestlé SA, including as general manager of its businesses in China, Germany and South Africa. Most recently, he successfully led the Nestlé Group's brand strategies, digital marketing transformation and Nespresso business.

### Professional experience

- Executive vice president and head of strategic business units, marketing, sales and Nespresso, Nestlé SA, Switzerland (2011–2021)
- Market head of the Greater China region, Nestlé SA, Switzerland (2007–2011)
- Market head of Germany, Nestlé SA, Switzerland (2003–2007)
- Head of the confectionery and biscuits strategic business unit, Nestlé SA, Switzerland (2000–2003)
- Various managerial positions at Nestlé SA, Switzerland (1980–2000)

### Mandates

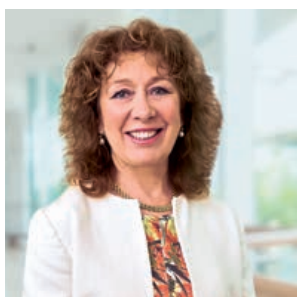
- Chairman, Froneri Lux Topco Sarl, Luxembourg
- Board member, Schindler AG, Switzerland
- Co-chairman (2020–2021) and board member (2015–2021), Cereal Partners Worldwide SA, Switzerland (*Nestlé representative*)
- Board member, Froneri Lux Topco Sarl, Luxembourg (*Nestlé representative*) (2016–2020)
- Board member, Bobst Group SA, Switzerland (2017–2019)
- Chairman, Blue Bottle Coffee Inc., US (*Nestlé representative*) (2017–2019)
- Chairman, Nestlé Nespresso SA, Switzerland (*Nestlé representative*) (2011–2019)
- Board member, Hsu Fu Chi Food Companies, China (*Nestlé representative*) (2011–2019)

### Education

- Program for Executive Development, IMD business school, Switzerland
- Master's degree in economic sciences, HEC Lausanne, Switzerland

### Key skills

🌐 Leadership/management 📊 Finance/accounting 🖥️ Data/digital



## Elizabeth (Liz) Doherty

Board member since 2016 | Nationality: British/Irish | Year of birth: 1957 |  
Audit Committee Financial Expert

Elizabeth (Liz) Doherty is an expert in finance and accounting who has broad operational experience in international consumer and retail businesses. She began her career in internal audit at Unilever PLC and has held senior finance and accounting roles there and at other companies including Tesco PLC and Reckitt Benckiser Group PLC.

### Professional experience

- CFO (interim), Cognita Schools Ltd., UK (2014–2015)
- CFO and board member, Reckitt Benckiser Group PLC, UK (2011–2013)
- CFO (interim), City Inn, UK (2010)
- CFO, Brambles Ltd., Australia (2007–2009)
- Group international finance director, Tesco PLC, UK (2001–2007)
- Various managerial positions at Unilever PLC, UK (1981–2001)

### Mandates

- Board member and chair of the Audit Committee, Corbion NV, Netherlands
- Member of the supervisory board and chair of the Audit Committee, Royal Philips NV, Netherlands
- Advisor, Affinity Petcare SA and GB Foods SA, Spain
- Board member, Dunelm Group PLC, UK (2013–2019)
- Board member, HM Courts & Tribunals Service, UK (2015–2019)
- Board member, Ministry of Justice, UK (2015–2019)
- Board member, Delhaize Group, Belgium (2013–2016)
- Board member, Nokia Corp., Finland (2013–2016)
- Board member, Brambles Ltd., Australia (2007–2009)
- Board member, SABMiller PLC, UK (2004–2010)

### Education

- Fellow, Chartered Institute of Management Accountants, UK
- Bachelor's degree in liberal studies in science (physics), University of Manchester, UK

### Key skills

🌐 Leadership/management 📊 Finance/accounting ⚖️ Law/regulatory/risk management



## Ann Fudge

Board member since 2008 | Nationality: American | Year of birth: 1951

Ann Fudge has a track record of success across global technology and consumer goods companies, and is widely considered one of the most influential women in American business. Before serving as chairman and CEO of Young & Rubicam Brands, Ms. Fudge spent 15 years in leadership roles at Kraft Foods Inc. She is deeply committed to social initiatives, including the Executive Leadership Council, a nonprofit focused on helping African American leaders positively impact business and communities. With WGBH Public Media, she has brought greater focus to more diverse media programming and broadening the reach of community-based initiatives. More recently, she has consulted with companies and educational institutions as they develop social justice initiatives.

### Professional experience

- Chairman and CEO, Young & Rubicam Brands, US (2003–2007)
- President of the Beverages, Desserts and Post Division brands, Kraft Foods Inc., US (2000–2001)
- Various managerial positions at Kraft Foods Inc., US (1986–2000)

### Mandates

- Board member, Northrop Grumman Corp., US
- Board member, Catalyst Partners Acquisition Corp., US
- Senior trustee, the Brookings Institution, US
- Member, American Academy of Arts and Sciences, US
- Chair of the board of trustees, WGBH Public Media, US
- Chair of the United States Program Advisory Panel, Bill & Melinda Gates Foundation, US (2007–2019)
- Member of the Visiting Committee, Harvard Business School, US (2014–2019)
- Board member and former vice chair, Unilever PLC and NV, UK and Netherlands (2009–2018)
- Board member, General Electric Co., US (1999–2015)

### Education

- Master of Business Administration, Harvard Business School, US
- Bachelor's degree in management, Simmons College, US

### Key skills

🌐 Leadership/management 🌱 Environmental, social and governance (ESG)



## Bridgette Heller

Board member since 2020 | Nationality: American | Year of birth: 1961

Bridgette Heller has proven experience in the standalone divisions of companies such as Johnson & Johnson, Merck & Co. Inc. and Danone SA, and has served on the audit committees of ADT Corp. and Tech Data Corp. During her career, she has overseen the performance of CFOs and made decisions on strategic R&D priorities. Ms. Heller is an advocate for diversity, equity and inclusion, and traveled globally to reinforce Danone's commitment to infant and maternal health, inclusive diversity, an equitable workforce for women, and sustainable communities. She is co-founder and CEO of the Shirley Proctor Puller Foundation, an education and youth empowerment nonprofit, and devotes much of her time to strengthening education and sustainability in an underserved community in the US.

### Professional experience

- Co-founder and CEO, Shirley Proctor Puller Foundation, US (2019–present)
- EVP and president of specialized nutrition, Danone SA, Netherlands (2017–2019)
- EVP of early life nutrition, Danone SA, Netherlands (2016–2019)
- EVP and president of consumer care, Merck & Co. Inc., US (2010–2015)
- Global president of the baby global business unit, Johnson & Johnson, US (2007–2009)
- President of the US baby, kids and wound care business and of global innovation development, Johnson & Johnson, US (2005–2007)
- Managing partner, Heller Associates: Ideas for Growth Inc., US (2004–2005)
- CEO, Chung's Gourmet Foods, US (2003–2004)
- Various managerial positions at Kraft Foods Inc., US (1985–2003)

### Mandates

- Board member, Integral Ad Science Inc., US
- Board member, Aramark, US
- Board member, Dexcom Inc., US
- Board member, Newman's Own Inc., US
- Member of the board of trustees, Northwestern University, US
- Member of the advisory board, Kellogg School of Management at Northwestern University, US
- Board member, Shirley Proctor Puller Foundation, US
- Board member, Newman's Own Foundation, US
- Board member, Tech Data Corp., US (2016–2020)
- Board member, ADT Corp., US (2012–2016)
- Board member, Girls Inc., US (2002–2014)

### Education

- Master's degree in marketing and management policy, Kellogg School of Management at Northwestern University, US
- Bachelor's degree in economics and computer studies, Northwestern University, US

### Key skills

🔬 Medicine/healthcare/R&D 🌐 Leadership/management 📊 Finance/accounting 🌱 Environmental, social and governance (ESG)





## Frans van Houten

Board member since 2017 | Nationality: Dutch | Year of birth: 1960

Frans van Houten is passionate about purpose-driven innovation, entrepreneurship and business transformation to drive competitiveness and customer value. Under his leadership as CEO, Royal Philips NV has transformed into a focused health technology leader through targeted divestments, acquisitions and organic business development. Royal Philips NV has also adopted a comprehensive set of commitments across all the ESG dimensions, and is today carbon neutral in its operations and recycles 90% of its operational waste. Mr. van Houten was an initiator of The Compact for Responsive and Responsible Leadership, which aims to create a corporate governance framework with a focus on the long-term sustainability of corporations and the long-term goals of society.

### Professional experience

- CEO and chairman of the executive committee and the board of management, Royal Philips NV, Netherlands (2011–present)
- Interim management, ING Group NV, Netherlands (2009–2010)
- CEO and chairman of the management board, NXP Semiconductors NV (formerly Philips Semiconductors NV), Netherlands (2004–2009)
- Various managerial positions at Royal Philips Electronics NV, Netherlands (1986–2004)

### Mandates

- Member of the steering committee, European Round Table for Industry (ERT), Belgium
- Chairman of the supervisory board, Erasmus Trust Foundation, Netherlands
- Chairman, Graduate Entrepreneur Foundation, Netherlands
- Chairman, NL2025 Foundation, Netherlands
- Vice chairman and member of the supervisory board, Philips Lighting, Netherlands (2016–2017)

### Education

- Master of Science in economics and business management, Erasmus University Rotterdam, Netherlands
- Bachelor of Science in economics, Erasmus University Rotterdam, Netherlands

### Key skills

📖 Medicine/healthcare/R&D 🌐 Leadership/management ⚖️ Law/regulatory/risk management  
 📊 Data/digital 🌱 Environmental, social and governance (ESG)



## Simon Moroney, D.Phil.

Board member since 2020 | Nationality: German/New Zealander | Year of birth: 1959

As co-founder and CEO of MorphoSys AG, Simon Moroney played a central role in establishing the company as a force in the field of therapeutic antibodies, with one of the broadest pipelines of drug candidates in the industry. Mr. Moroney holds both a doctorate and a Master of Science in chemistry.

### Professional experience

- Co-founder and CEO, MorphoSys AG, Germany (1992–2019)
- Research associate, Department of Pharmacology, University of Cambridge, UK (1991–1992)
- Assistant professor, Department of Chemistry, University of British Columbia, Canada (1989–1990)

### Mandates

- Chairman of the board of directors and the Remuneration and Nomination Committee, Biotals NV, Belgium

### Education

- Doctorate in chemistry, University of Oxford, UK
- Master of Science in chemistry, University of Waikato, New Zealand

### Key skills

📖 Medicine/healthcare/R&D 🌐 Leadership/management ⚖️ Law/regulatory/risk management



## Andreas von Planta, Ph.D.

Board member since 2006 | Nationality: Swiss | Year of birth: 1955

Andreas von Planta is a leading expert in corporate governance, corporate law and stock exchange regulation. He advises boards of public companies on corporate governance matters and is a sought-after speaker and writer on these topics. He has co-authored the Switzerland chapter of the International Comparative Legal Guide to Corporate Governance for many years.

### Professional experience

- Senior counsel, Lenz & Staehelin, Switzerland (2017–present)
- Partner, Lenz & Staehelin, Switzerland (1988–2017)

### Mandates

- Board member, Helvetia Holding AG, Switzerland
- Member of the board of trustees, Novartis Foundation, Switzerland
- Vice chairman of the board of directors, A.P. Moller Finance SA, Switzerland
- Board member, Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Switzerland
- Board member, Helvetia Schweizerische Versicherungsgesellschaft AG, Switzerland
- Chairman, HSBC Private Bank (Suisse) SA, Switzerland
- Chairman, HSBC Private Banking Holdings (Suisse) SA, Switzerland
- Board member, Socotab Frana SA, Switzerland
- Chairman of the regulatory board, SIX Swiss Exchange AG, Switzerland
- Board member, Burberry (Suisse) SA, Switzerland
- Chairman of the Audit Committee, International Road Transport Union, Switzerland
- Board member, Société Immobilière Quai Gustave Ador 50 SA, Switzerland
- Board member, Raymond Weil SA, Switzerland (2007–2018)
- Board member and former chairman, Clinique Générale-Beaulieu SA, Switzerland (2008–2016)
- Board member and former chairman, Schweizerische National Versicherungs AG, Switzerland (1997–2015)
- Board member, Holcim AG, Switzerland (2003–2014)

### Education

- Master of Laws, Columbia Law School, US
- Bar examination, Switzerland
- Doctorate in law, University of Basel, Switzerland
- Licentiatius iuris, University of Basel, Switzerland

### Key skills

🔗 Law/regulatory/risk management 🌱 Environmental, social and governance (ESG)



## Charles L. Sawyers, M.D.

Board member since 2013 | Nationality: American | Year of birth: 1959

Charles L. Sawyers is a highly accomplished expert and leader in cancer research. As a physician and prominent scientist, he has a deep understanding of the benefits of drugs for patients and society at large, and the importance of access to medicines. Dr. Sawyers co-developed the Novartis cancer drug *Gleevec/Glivec* and has received numerous honors and awards, including the Lasker-DeBakey Clinical Medical Research Award.

### Professional experience

- Chair of the Human Oncology and Pathogenesis Program, Memorial Sloan Kettering Cancer Center, US (2006–present)
- Professor of medicine (2008–present), and professor of cell and developmental biology (2011–present), Weill Cornell Graduate School of Medical Sciences, US
- Investigator, Howard Hughes Medical Institute, US (2002–2006 and 2008–present)
- Associate chief, Division of Hematology-Oncology, University of California, Los Angeles, US (1996–2006)

### Mandates

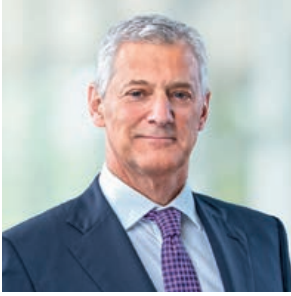
- Member, National Academy of Medicine, US
- Member, National Academy of Sciences, US
- Investigator, Howard Hughes Medical Institute, US
- Science advisor for the following US companies: Agios Pharmaceuticals Inc.; Arsenal Capital Partners; BeiGene Ltd.; Blueprint Medicines Corp.; Foghorn Therapeutics Inc.; Housey Pharmaceutical Research Laboratories; KSQ Therapeutics Inc.; Nextech Invest Ltd.; ORIC Pharmaceuticals Inc.; PMV Pharmaceuticals Inc.; The Column Group
- Member, National Cancer Advisory Board, US (2012–2020)
- President, American Association for Cancer Research, US (2013–2014)

### Education

- Doctor of medicine, Johns Hopkins University School of Medicine, US
- Bachelor of Arts, Princeton University, US

### Key skills

🔗 Medicine/healthcare/R&D 🌱 Leadership/management 🌱 Environmental, social and governance (ESG)



## William T. Winters

Board member since 2013 | Nationality: British/American | Year of birth: 1961

William T. Winters has extensive leadership experience in the financial sector. He began his career at JPMorgan Chase & Co. in 1983 and has held management roles across several market areas and in corporate finance. Mr. Winters founded Renshaw Bay LLP, an alternative asset management firm, and now serves as CEO of Standard Chartered PLC, where he is leading a digital transformation of the global bank.

### Professional experience

- CEO, Standard Chartered PLC, UK (2015–present)
- Chairman and CEO, Renshaw Bay LLP, UK (2011–2015)
- Co-CEO of the Investment Bank, JPMorgan Chase & Co., UK (2004–2010)
- Various managerial positions at JPMorgan Chase & Co., UK and US (1983–2004)

### Mandates

- Board member, Standard Chartered Bank PLC, UK
- Member of the board of overseers, International Rescue Committee, UK
- Chair of the board of trustees, The Coronet Theatre, UK
- Commissioner, Independent Commission on Banking, UK (2010–2011)

### Education

- Master of Business Administration, Wharton School of the University of Pennsylvania, US
- Bachelor's degree in international relations, Colgate University, US

### Key skills

🌐 Leadership/management 📊 Finance/accounting ⚖️ Law/regulatory/risk management 📱 Data/digital

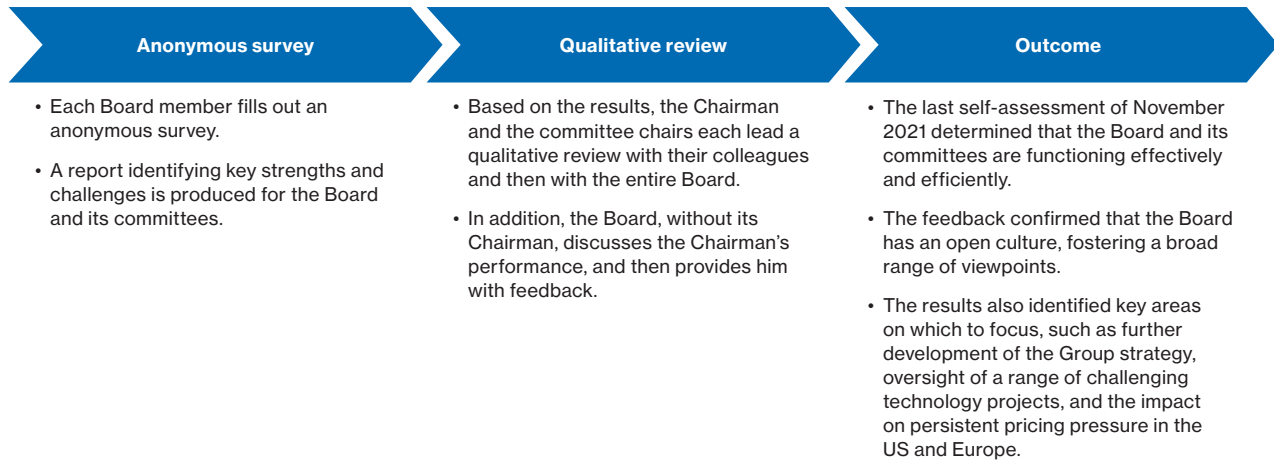
## Corporate Secretary

Charlotte Pamer-Wieser, Ph.D.

## Self-assessment

The Board and its committees conduct a self-assessment once a year, covering topics including Board composition, purpose, scope and responsibilities; Board processes

and governance; Board meetings and pre-reading material; team effectiveness; and Chairman and peer evaluation. Every third year, this process is conducted by an independent external consultant. This last happened in 2020 with the consulting firm Egon Zehnder.



## Trainings

Our Board receives regular briefings and trainings on ethics, risks and compliance, and other relevant topics. In 2021, each Board member completed the following e-learning courses:

- Diversity & Inclusion
- Adverse Events
- Fit to Commit, focusing on our ethical commitments around our Professional Practices Policy (P3), insider trading, data privacy, and digital engagement for personal use

Our Chief Legal Officer also provides regular updates to our Board members on developments related to insider trading laws and regulations, and annually briefs the members of the Board and the Executive Committee on their insider trading duties. In addition, the Company offers to its Board members a broad set of external trainings.

## Role of the Board and its committees

The Board is responsible for the overall direction and oversight of management, and holds the ultimate decision-making authority, with the exception of decisions reserved for shareholders.

The Board has delegated certain of its duties and responsibilities to its five committees led by a Board-elected committee chair, as set out in the Board Regulations ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)). In some cases, these responsibilities are of an advisory or preparatory nature (A/P). In other cases, the committee has decision-making power that is subject to final Board approval (FBA), or the responsibilities have been fully delegated to the committee (FD). All committees have the authority to retain external consultants.

Any Board member may request a Board or committee meeting and the inclusion of an agenda item. Before meetings, Board members receive materials to help them prepare the discussions and decision-making.

## Board of Directors

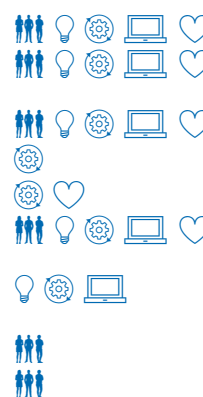
### Primary responsibilities

- Strategy: decides on the ultimate direction of the Group’s business (including portfolio, markets, acquisitions and divestments)
- Structure and organization: determines major changes in the Group’s structure and organization
- Culture: oversees the strategy and implementation of the corporate culture
- Ethics and compliance: oversees the Group’s ethics and compliance framework, including the approval of fundamental corporate policies such as the Novartis Code of Ethics
- Risk management: oversees the Group’s risk management system, the most significant risks, and how these risks are managed
- Finance: determines the Group’s accounting system, financial controls and financial planning; reviews and approves the Annual Report (including the Compensation Report)
- People and organization: nominates or appoints, removes, and determines responsibilities of key executives, and succession planning

### Key activities in 2021

- Oversaw the Company’s five strategic pillars and the strategic focus on certain therapeutic areas and technology platforms, key geographic areas and the generics business
- Received a key strategy review for the US and China markets
- Reviewed and discussed strategic considerations around mergers and acquisitions, and the Company’s larger strategic moves to drive sustainable growth
- Discussed and approved the divestment of the Company’s investment in Roche Holding AG
- Initiated a strategic review of Sandoz to maximize shareholder value
- Reviewed the Company’s ESG strategy, plans and developments
- Discussed the strategy on cybersecurity and how Novartis is prepared to respond in case of an incident
- Discussed longer-term Board succession planning and required profiles, proposing one new Board member candidate to be elected at the 2022 AGM
- Discussed and reviewed the annual Board self-evaluation

### Strategic priorities<sup>1</sup>



### Meetings

Number of meetings held	9
Number of members	13
Approximate average duration (hours)	5:15
Meeting attendance	99%

The Board met nine times in 2021. This includes regular meetings in January, April, June, August, October and December, and additional special meetings to deal with ad hoc matters. Board committees typically meet the day before the meetings of the full Board. In response to the COVID-19 pandemic, the Board held virtual, hybrid and physical meetings, with participants joining in person when possible.

J. Reinhardt (Chairman)	9
E. Vanni (Vice Chairman, Lead Independent Director)	9
N. Andrews	9
T. Buechner	9
P. Bula	9
E. Doherty	9
A. Fudge	9
B. Heller	9
F. van Houten	9
S. Moroney	9
A. von Planta	9
C. Sawyers	8
W. Winters	9

### Documents

- Articles of Incorporation of Novartis AG
- Board Regulations

[www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)

<sup>1</sup> Strategic priorities:





## Audit and Compliance Committee

### Primary responsibilities

- Supervises the external auditor, and selects and nominates the external auditor for election by the shareholders (FD)\*\*
- Oversees Internal Audit (FD)\*\*
- Oversees accounting policies, financial controls, and compliance with accounting and internal control standards (FD)\*\*
- Approves financial statements for the first three quarters of each calendar year and the corresponding financial results releases (FD)\*\*, and reviews the annual financial statements and the corresponding financial results releases (FBA)\*\*
- Oversees internal control and compliance processes and procedures (FD)\*\*
- Oversees compliance with laws, regulations and internal policies falling into its subject matter expertise (FD)\*\*

### Key activities in 2021

- Closely monitored and followed up on the external auditor transition process for the nomination and election of KPMG AG ("KPMG") at the 2022 AGM<sup>1</sup>
- Evaluated the performance of the external auditor PricewaterhouseCoopers AG (PwC) during 2021
- Reviewed the accounting and financial reporting, focusing in particular on those areas involving significant risk or judgment
- Received reports and updates from Internal Audit; Quality; Ethics, Risk & Compliance; the SpeakUp Office; Health, Safety & Environment; Tax (particularly on G7 tax proposals); and Legal, and discussed progress on identifying and remedying the root causes of issues

### Strategic priorities<sup>3</sup>



### Meetings

Number of meetings held	8	E. Doherty (Chair, Audit Committee Financial Expert)	8
Number of members	5	T. Buechner	8
Approximate average duration (hours)	2:13	B. Heller <sup>2</sup>	6
Meeting attendance	100%	F. van Houten <sup>2</sup>	6
		E. Vanni	8

### Documents

- Board Committees Charter, Appendix I to the Board Regulations

[www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)

<sup>\*</sup> A/P = advisory or preparatory task

<sup>\*\*</sup> FD = fully delegated task

<sup>\*\*\*</sup> FBA = task subject to final Board approval

<sup>1</sup> See "—Item 6.C Board practices—Auditors—Auditor tender process"

<sup>2</sup> Ms. Heller and Mr. von Houten became members of the Audit and Compliance Committee after the 2021 AGM and have attended all Audit and Compliance Committee meetings since that time.

<sup>3</sup> Strategic priorities:



## Compensation Committee

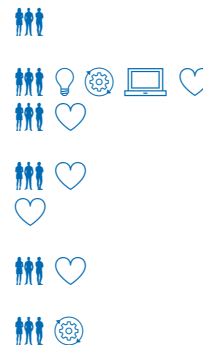
### Primary responsibilities

- Designs, reviews and recommends to the Board the compensation policies and programs (FBA)<sup>\*\*\*</sup>
- Advises the Board on the compensation of Board members and of the CEO (A/P)<sup>\*</sup>
- Decides on the compensation of Executive Committee members (FD)<sup>\*\*</sup>
- Prepares the Compensation Report and the Say-on-Pay brochure, and submits them to the Board for approval (FBA)<sup>\*\*\*</sup>

### Key activities in 2021

- Made decisions relating to Executive Committee compensation during the year
- Determined the critical performance measures (including financial, strategic, operational, innovation and ESG) to be considered in the 2021 incentive plan targets
- Reviewed the achievement of incentive plan targets for the Executive Committee members
- Reviewed shareholder and proxy advisor feedback related to Novartis compensation practices and disclosures
- Reviewed options for streamlining the Novartis Compensation Report
- Proposed appropriate peer companies for comparisons of board and executive committee compensation, and assessed the Company's level of compensation against the peer group
- Reviewed incentive plan rules to secure pay-for-performance alignment while preserving market competitiveness

### Strategic priorities<sup>2</sup>



### Meetings

Number of meetings held	7	S. Moroney (Chair) <sup>1</sup>	6
Number of members	5	P. Bula	7
Approximate average duration (hours)	2:05	B. Heller	7
Meeting attendance	100%	E. Vanni	7
		W. Winters	7

### Documents

- Board Committees Charter, Appendix I to the Board Regulations

[www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)

<sup>\*</sup> A/P = advisory or preparatory task

<sup>\*\*</sup> FD = fully delegated task

<sup>\*\*\*</sup> FBA = task subject to final Board approval

<sup>1</sup> Mr. Moroney was elected at the 2021 AGM as a new member of the Compensation Committee and designated by the Board as Chair. Mr. Moroney has attended all Compensation Committee meetings since his election. For the period from the 2020 AGM to the 2021 AGM, Mr. Moroney attended all Compensation Committee meetings as a permanent guest.

<sup>2</sup> Strategic priorities:



## Governance, Nomination and Corporate Responsibilities Committee

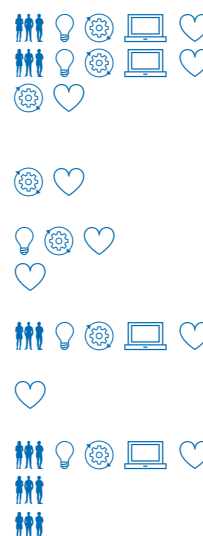
### Primary responsibilities

- Oversees the Company’s strategy, governance and progress on ESG, global health and corporate responsibility (FBA)<sup>\*\*\*</sup>
- Recommends to the Board corporate governance best practices (FBA)<sup>\*\*\*</sup>
- Reviews periodically the Articles of Incorporation and Board Regulations (FD)<sup>\*\*</sup>
- Reviews regularly the composition and size of the Board and its committees (FBA)<sup>\*\*\*</sup>
- Identifies new Board member candidates and recommends to the Board whether existing Board members should stand for re-election (FBA)<sup>\*\*\*</sup>
- Prepares and reviews succession plans for the Chairman, the Vice Chairman, the Lead Independent Director, Board members, committee members and chairs, and the CEO (FBA)<sup>\*\*\*</sup>
- Reviews annually the independence of each Board member (FBA)<sup>\*\*\*</sup>
- Reviews directorships and agreements of Board members for conflicts of interest, and deals with conflicts of interest (FBA)<sup>\*\*\*</sup>

### Key activities in 2021

- Evaluated progress on sustainability at Novartis, focusing on material ESG factors, strategy and corresponding short- and mid-term ESG targets, and ways to further enhance Novartis ESG efforts
- Received updates on the priorities and activities of the ESG Management Office
- Reviewed progress on access-to-medicine and global health targets
- Received updates on environmental sustainability and reviewed progress on the Company’s carbon strategy and targets for Scope 1, 2 and 3 emissions as well as its objectives regarding waste reduction and water consumption
- Received an update on key patient engagement achievements in 2021 and discussed the priorities going forward
- Assessed ESG rating agency scores and identified potential for further improvement
- Received updates on ESG and governance roadshows held in 2021 as well as the 2021 ESG Investor Day
- Evaluated the 2021 AGM held without physical shareholder attendance in response to the COVID-19 pandemic
- Discussed and recommended to the Board an amendment to the Board Regulations to better reflect the Board’s evolving role and responsibilities in sustainability and ESG matters
- Regularly discussed the composition of, and the succession for, the Board and its committees
- Reviewed the skills matrix and independence of the Board

### Strategic priorities<sup>2</sup>



### Meetings

Number of meetings held	3	A. von Planta (Chair) <sup>1</sup>	3
Number of members	5	A. Fudge	3
Approximate average duration (hours)	2:08	C. Sawyers	3
Meeting attendance	100%	E. Vanni	3
		W. Winters	3

### Documents

- Board Committees Charter, Appendix I to the Board Regulations

[www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)

<sup>\*</sup> A/P = advisory or preparatory task

<sup>\*\*</sup> FD = fully delegated task

<sup>\*\*\*</sup> FBA = task subject to final Board approval

<sup>1</sup> At the 2022 AGM, Mr. von Planta will step down as Chair and remain a member of the Governance, Nomination and Corporate Responsibilities Committee. The Board has designated Patrice Bula as Mr. von Planta’s successor in the role of Chair.

<sup>2</sup> Strategic priorities:



# Risk Committee

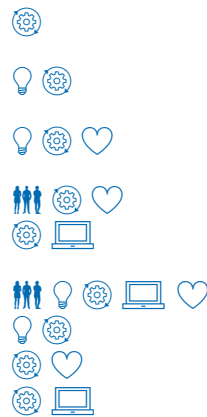
## Primary responsibilities

- Oversees the risk management system and processes (FBA)<sup>\*\*\*</sup>
- Reviews, together with management, the prioritization and handling of risks, the risk portfolio, and actions implemented by management (FBA)<sup>\*\*\*</sup>
- Performs deep dives into key risk areas and fosters a culture of smart risk-taking (FBA)<sup>\*\*\*</sup>

## Key activities in 2021

- Received updates on Enterprise Risk Management mitigation measures and results
- Reviewed the risks associated with research and development (R&D), and the mitigation measures in place
- Reviewed the NTO risk management system to ensure the highest manufacturing and product quality standards
- Evaluated the risks associated with the Choice with Responsibility working model in response to the COVID-19 pandemic, with the aim to build upon positive trends
- Analyzed the IT landscape and the remediation processes in place
- Analyzed and discussed the business risks and opportunities associated with the US and China markets
- Evaluated risks and opportunities for Sandoz
- Received an overview of the top three public affairs risks and the mitigation measures in place
- Evaluated and discussed enterprise data governance and management

## Strategic priorities<sup>1</sup>



## Meetings

Number of meetings held	4	T. Buechner (Chair)	4
Number of members	4	N. Andrews	4
Approximate average duration (hours)	2:12	E. Doherty	4
Meeting attendance	100%	A. von Planta	4

## Documents

- Board Committees Charter, Appendix I to the Board Regulations

[www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)

<sup>†</sup> A/P = advisory or preparatory task

<sup>\*\*</sup> FD = fully delegated task

<sup>\*\*\*</sup> FBA = task subject to final Board approval

<sup>1</sup> Strategic priorities:



## Science & Technology Committee

### Primary responsibilities

- Monitors emerging scientific, data-related, technological and research trends and issues, and brings recommendations to the Board (FBA)<sup>\*\*\*</sup>
- Periodically informs the Board about critical developments for the success of the portfolio and for scientific, technological and research activities as well as benchmarking (A/P)<sup>\*</sup>
- Assists the Board with setting the Company's strategy for science, data, technology and research (A/P)<sup>\*</sup>
- Assists the Board with oversight and evaluation of the performance of the Company's scientific, technological and R&D activities (FBA)<sup>\*\*\*</sup>
- Reviews performance and proposed targets in the area of science, technology and research (FD)<sup>\*\*</sup>
- Reviews such other matters in relation to science, data, technology and research as the committee may, in its own discretion, deem desirable in connection with its responsibilities (A/P)<sup>\*</sup>

### Key activities in 2021

- Reviewed the emergence of new categories of patient-derived data and their applications to drug discovery, development and commercialization
- Received an external assessment of the portfolio and productivity of Novartis R&D, and discussed the implications for future R&D strategy
- Discussed the Novartis R&D pipeline overall, and conducted an in-depth review of top priority programs

### Strategic priorities<sup>1</sup>



### Meetings

Number of meetings held	2	J. Reinhardt (Chair)	2
Number of members	6	N. Andrews	2
Approximate average duration (hours)	7:37	A. Fudge	2
Meeting attendance	100%	F. van Houten	2
		S. Moroney	2
		C. Sawyers	2

### Documents

- Board Committees Charter, Appendix I to the Board Regulations

[www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)

<sup>\*</sup> A/P = advisory or preparatory task

<sup>\*\*</sup> FD = fully delegated task

<sup>\*\*\*</sup> FBA = task subject to final Board approval

<sup>1</sup> Strategic priorities:





## Chairman

The Chairman leads the Board to represent the interests of all stakeholders and ensures an appropriate balance of power between the Board and the Executive Committee. In this role, the Chairman:

- Provides leadership to the Board
- Supports and mentors the CEO
- Ensures that the Board and its committees work effectively
- Sets the agenda, style and tone of Board discussions, promoting constructive dialogue and effective decision-making
- Ensures onboarding programs for new Board members, and continuing education and specialization for all Board members
- Ensures the Board's annual performance evaluation
- Promotes effective relationships and communication between Board and Executive Committee members
- Ensures effective communication with the Company's shareholders, other stakeholders and the public

## Vice Chairman and Lead Independent Director

### Vice Chairman

The Vice Chairman has the following responsibilities:

- Leads the Board in case and as long as the Chairman is incapacitated
- Leads the yearly session of the Board members to evaluate the performance of the Chairman, during which the Chairman is not present

The Vice Chairman also provides advice and support to the Chairman.

### Lead Independent Director

To support adequate control mechanisms, the Board Regulations outline the role of the Lead Independent Director. The Lead Independent Director has the following responsibilities:

- Chairs the sessions of the independent Board members
- Leads the independent Board members in case of a crisis or matter requiring their separate consideration or decision

The roles of the Vice Chairman and the Lead Independent Director can be held by two Board members or by one Board member (combined role).

The Board appointed Enrico Vanni as Vice Chairman and Lead Independent Director (combined role) effective as of January 1, 2021.

## Honorary Chairmen

Alex Krauer and Daniel Vasella were appointed Honorary Chairmen in recognition of their significant achievements on behalf of Novartis.

On December 5, 2021, Mr. Krauer passed away at the age of 90. Mr. Krauer, chairman of Ciba-Geigy from 1987 to 1996, was a driving force behind the merger between Ciba-Geigy and Sandoz to create Novartis in 1996. After the merger, he served as Chairman of the Board of Directors of Novartis until 1999, when he was appointed Honorary Chairman.

Honorary Chairmen are not provided with Board documents and do not attend Board meetings.

## Mandates outside the Novartis Group

According to article 34, paragraph 1 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the following limitations on mandates apply:

	Maximum number of mandates
Mandates	10
Other listed companies <sup>1</sup>	4

<sup>1</sup> Holding a chair position of the board of directors in other listed companies counts as two mandates.

According to article 34, paragraph 3 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the following mandates are not subject to the above-mentioned limitations:

	Maximum number of mandates
Mandates in companies that are controlled by Novartis AG	No limit
Mandates held at the request of Novartis AG or companies controlled by it	5
Mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations	10

"Mandates" means those in the supreme governing body of a legal entity that is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

# Executive Committee

## Composition (as per December 31, 2021)

**Vasant (Vas) Narasimhan**  
Chief Executive Officer

**James (Jay) Bradner**  
President of the Novartis Institutes  
for BioMedical Research (NIBR)

**Steffen Lang**  
Global Head of Novartis  
Technical Operations (NTO)

**John Tsai**  
Head of Global Drug Development  
and Chief Medical Officer

**Karen L. Hale**  
Chief Legal Officer

**Klaus Moosmayer**  
Chief Ethics, Risk  
& Compliance Officer

**Marie-France Tschudin**  
President of  
Novartis Pharmaceuticals

**Harry Kirsch**  
Chief Financial Officer

**Richard Saynor**  
Chief Executive Officer of Sandoz

**Robert Weltevreden**  
Head of Customer &  
Technology Solutions (CTS)

**Robert (Rob) Kowalski**  
Chief People &  
Organization Officer

**Susanne Schaffert**  
President of  
Novartis Oncology

## Changes to the Executive Committee

Bertrand Bodson, Chief Digital Officer of Novartis since 2018, stepped down from his role following the decision to merge the Digital function with NBS to form the new CTS unit, effective February 1, 2021. Shannon Thyme Klinger, Chief Legal Officer of Novartis since 2018, stepped down from her role as of March 15, 2021. From March 15, 2021, until May 14, 2021, Thomas Kendris, Global Head Litigation and US Country President, served as ad interim Chief Legal Officer but was not a member of the Executive Committee. Karen L. Hale became Chief Legal Officer of Novartis effective May 15, 2021. Steven Baert, Chief People & Organization Officer of Novartis since 2014, stepped down from his role as of June 30, 2021. From July 1, 2021, until August 31, 2021, Vicki Rawlinson, Head of People & Organization for Novartis in the US, served as ad interim Chief People & Organization Officer but was not a member of the Executive Committee. Robert (Rob) Kowalski became Chief People & Organization Officer of Novartis effective September 1, 2021. The CVs of the former members of the Executive Committee can be found in the 2020 Annual Report (pages 151 and 152), available at [www.novartis.com/media-library/novartis-annual-report-2020](http://www.novartis.com/media-library/novartis-annual-report-2020).

## Role of the Executive Committee

The Board has appointed the Executive Committee members and delegated to them the overall responsibility for and oversight of the operational management of Novartis, including:

- Recruiting, appointing and promoting senior management
- Ensuring the efficient operation of the Group and the achievement of optimal results
- Promoting an active internal and external communications policy
- Developing policies and strategic plans for Board approval, and implementing those approved

- Submitting the following to the Board for approval: investments, divestments, transactions, contracts and litigations with a value exceeding USD 500 million, capital market and other important financing transactions, as well as all other matters of fundamental significance to the Novartis Group
- Preparing and submitting quarterly and annual reports to the Board and its committees
- Informing the Board of all matters of fundamental significance to the businesses
- Dealing with any other matters delegated by the Board

There are no contracts between Novartis and third parties whereby Novartis would delegate any business management tasks to such third parties.

## CEO

With the support of the Executive Committee, the CEO is responsible for the operational management of Novartis. This includes effectively implementing the Company strategy, delivering financial results, and shaping a corporate culture of empowerment and responsibility to help drive innovation, performance and reputation.

In addition to other Board-assigned duties, the CEO leads the Executive Committee, building and maintaining an effective executive team. With the support of the Executive Committee, the CEO is responsible for:

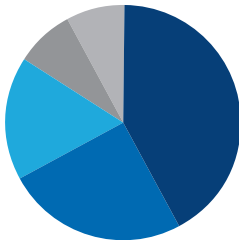
- Ensuring Novartis has the capabilities to achieve its long-term strategic objectives
- Developing robust management succession and development plans for presentation to the Board
- Promoting effective communication with shareholders and other stakeholders
- Ensuring Novartis conducts its business in a legal and ethical manner
- Developing an effective risk control framework for all business activities
- Ensuring the flow of information to the Board is accurate, timely and clear

## Diversity

The composition as of December 31, 2021, in terms of nationality, gender, age and length of tenure, is shown in the following charts:

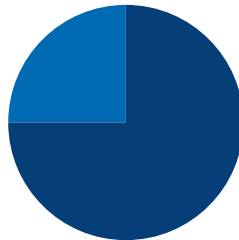
### Diversity profile

#### Nationality<sup>1</sup>



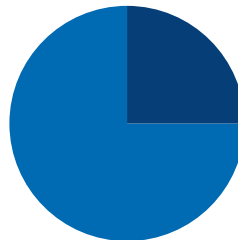
■ American	42%
■ German	25%
■ Swiss	17%
■ British	8%
■ Dutch	8%

#### Gender



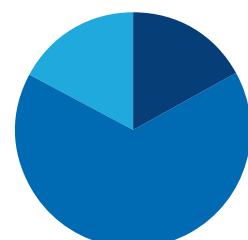
■ Male	75%
■ Female	25%

#### Age



■ 45-50	25%
■ >50	75%

#### Tenure



■ <2y	17%
■ 2-4 y	66%
■ >4 y	17%

<sup>1</sup> Please note that two Executive Committee members have dual nationalities. Each of these nationalities is counted as a half in the above chart.

## Mandates outside the Novartis Group

According to article 34, paragraph 2 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the following limitations on mandates apply:

	Maximum number of mandates
Mandates	6
Other listed companies <sup>1</sup>	2

<sup>1</sup> Holding a chair position of the board of directors in other listed companies is not allowed.

According to article 34, paragraph 3 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the following mandates are not subject to above-mentioned limitations:

	Maximum number of mandates
Mandates in companies that are controlled by Novartis AG	No limit
Mandates held at the request of Novartis AG or companies controlled by it	5
Mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations	10

“Mandates” means those in the supreme governing body of a legal entity that is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

## Members of the Executive Committee



### Vasant (Vas) Narasimhan, M.D.

Chief Executive Officer of Novartis since 2018 | Nationality: American | Year of birth: 1976

#### Professional experience

- Global Head of Drug Development and Chief Medical Officer, Novartis AG, Switzerland (2016–2018)
- Global Head of Development, Novartis Pharmaceuticals, Switzerland (2014–2016)
- Global Head of Biopharmaceuticals and Oncology Injectables, Sandoz International, Germany (2014)
- Global Head of Development, Novartis Vaccines, US (2012–2014)
- North America Region Head, Novartis Vaccines, and US Country President, Novartis Vaccines and Diagnostics, US (2008–2012)
- Joined Novartis in 2005

#### Mandates

- Member, National Academy of Medicine, US
- Board member, African Parks Network, South Africa
- Committee member, Biopharmaceutical CEOs Roundtable (BCR), International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), Switzerland
- Member of the board of fellows, Harvard Medical School, US
- Board member and treasurer, Pharmaceutical Research and Manufacturers of America (PhRMA), US

#### Education

- Doctor of medicine, Harvard Medical School, US
- Master's degree in public policy, John F. Kennedy School of Government, Harvard University, US
- Bachelor's degree in biological sciences, University of Chicago, US



### James (Jay) Bradner, M.D.

President of the Novartis Institutes for BioMedical Research (NIBR) since 2016 | Nationality: American | Year of birth: 1972

#### Professional experience

- Associate professor, Department of Medicine, Harvard Medical School, US (2014–2016)
- Assistant professor, Department of Medicine, Harvard Medical School, US (2010–2014)
- Attending physician, Department of Medical Oncology, Dana-Farber Cancer Institute, US (2005–2015)
- Co-founder of five biotechnology companies
- Co-author of more than 250 scientific publications and 50 US patent applications

#### Mandates

- Science advisor for the Abdul Latif Jameel Clinic for Machine Learning in Health, Massachusetts Institute of Technology, US, and for Brigham and Women's Hospital, US
- Chairman, Genomics Institute of the Novartis Research Foundation, US

#### Education

- Doctor of medicine, University of Chicago Pritzker School of Medicine, US
- Bachelor's degree in biochemistry, Harvard University, US
- Postdoctoral training in chemistry and chemical biology, Harvard University, US
- Fellowship in medical oncology and hematology, Dana-Farber Cancer Institute, US
- Residency in medicine, Brigham and Women's Hospital, US



### Karen L. Hale

Chief Legal Officer of Novartis since May 15, 2021 | Nationality: American | Year of birth: 1968

#### Professional experience

- Vice president, deputy general counsel, AbbVie Inc., US (2019–2021)
- Vice president, chief ethics and compliance officer, AbbVie Inc., US (2013–2019)
- Vice president, litigation and legal specialty operations, AbbVie Inc., US (2013)
- Divisional vice president, commercial litigation, Abbott Laboratories, US (2006–2012)
- Began practicing law in 1994 and joined Abbott in 1997

#### Education

- Bar memberships: Illinois and Virginia, US
- Juris doctor, William & Mary Law School, US
- Bachelor's degree in economics, Duke University, US



### Harry Kirsch

Chief Financial Officer of Novartis since 2013 | Nationality: German/Swiss | Year of birth: 1965

#### Professional experience

- Chief Financial Officer of the Pharmaceuticals Division (now known as the Innovative Medicines Division), Novartis Pharmaceuticals, Switzerland (2010–2013)
- Chief Financial Officer of Pharma Europe, Novartis Pharmaceuticals, Switzerland (2008–2010)
- Head of Business Planning & Analysis for the Pharmaceuticals Division, Novartis Pharmaceuticals, Switzerland (2005–2008)
- Joined Novartis in 2003 as Head Finance Global Primary Care, and over the years held positions of increasing responsibility within Finance

#### Mandates

- Represented Novartis on the board of GlaxoSmithKline Consumer Healthcare Holdings Ltd. (2015–2018)

#### Education

- Diploma degree in industrial engineering and economics, University of Karlsruhe, Germany



## Robert (Rob) Kowalski

Chief People & Organization Officer of Novartis since September 1, 2021 | Nationality: American | Year of birth: 1968

### Professional experience

- Executive Vice President and Global Head of Regulatory Affairs (2018–2021), and US Head of Global Drug Development (2009–2015 and 2017–2021), Novartis Pharmaceuticals Corporation, US
- Ad interim President, Novartis Corporation, US (March–May 2021)
- Ad interim Head of Global Drug Development and Chief Medical Officer, Novartis AG, Switzerland (February–April 2018)
- Senior Vice President and Head of Regulatory Affairs, Novartis Pharmaceuticals Corporation, US (2009–2015 and 2017–2018)
- Senior Vice President and Head of Regulatory Affairs, Novartis Pharma AG, Switzerland (2015–2017)
- Global Head of Country Medical Development, Novartis Pharmaceuticals Corporation, US (2010–2011)
- Previously held regulatory leadership roles at Schering-Plough Corporation (now Merck) and Pharmacia Corporation (now Pfizer)

### Mandates

- Member of the advisory board, Industry Pharmacists Organization, US

### Education

- Doctor of pharmacy, University of Wisconsin-Madison, US
- Bachelor of Science in pharmaceutical sciences, University of Wisconsin-Madison, US



## Steffen Lang, Ph.D.

Global Head of Novartis Technical Operations (NTO) since 2017 | Nationality: German/Swiss | Year of birth: 1967

### Professional experience

- Global Head of Biologics Technical Development and Manufacturing, Novartis Technical Operations, Switzerland (2015–2017)
- Global Head of Technical Research and Development, Novartis Pharmaceuticals, Switzerland (2009–2015)
- Joined Novartis in 1994 as Head of Laboratory in Research, and over the years held positions of increasing responsibility within Pharmaceuticals Development

### Mandates

- Board member, Bachem Holding AG, Switzerland

### Education

- Doctorate in pharmaceutical technology, Swiss Federal Institute of Technology, Switzerland
- Master's degree in pharmaceutical sciences, University of Heidelberg, Germany



## Klaus Moosmayer, Ph.D.

Chief Ethics, Risk & Compliance Officer of Novartis since 2018 | Nationality: German | Year of birth: 1968

### Professional experience

- Chief compliance officer, Siemens AG, Germany (2014–2018)
- Chief counsel compliance, Siemens AG, Germany (2009–2013)
- Compliance operating officer, Siemens AG, Germany (2007–2009)

### Mandates

- Board member, SwissHoldings, the Swiss federation representing Swiss-based multinational companies, Switzerland
- Co-chair, B20 Integrity & Compliance Task Force under the G20 presidency of Indonesia (2022)
- Vice chair, Business at OECD (BIAC) executive board, Paris
- Member of the advisory panel, Pharmaceutical Supply Chain Initiative, US
- Co-founder and board member, European Chief Compliance and Integrity Officers' Forum
- Co-chair, B20 Integrity & Compliance Task Force under the G20 presidency of Italy (2021)
- Chair of the Anti-Corruption Committee of the Business and Industry Advisory Committee (BIAC), Organization for Economic Co-operation and Development (OECD), Paris (2013–2020)
- Co-chair, B20 Integrity & Compliance Task Force under the G20 presidency of Saudi Arabia (2020)
- Co-chair, B20 Integrity & Compliance Task Force under the G20 presidency of Argentina (2018)
- Chair, B20 Integrity & Compliance Task Force under the G20 presidency of Germany (2017)

### Education

- First and second state examination in law, Germany
- Doctor of jurisprudence, University of Freiburg, Germany



## Richard Saynor

Chief Executive Officer of Sandoz since 2019 | Nationality: British | Year of birth: 1967

### Professional experience

- Senior vice president of classic and established products, and commercial and digital platforms, GlaxoSmithKline (GSK) Pte. Ltd., UK (March–June 2019)
- Senior vice president and global head of classic and established products, GSK, UK (2014–2019)
- Senior vice president and global head of established products, GSK, UK (2013–2014)
- Senior vice president of classic brands and generics for Europe, Japan, and the emerging markets and Asia-Pacific (EMAP) region, GSK, Singapore (2010–2013)
- Region Head of Asian Markets, Sandoz International, Singapore (2008–2010)
- Region Head of Asia-Pacific, Latin America, Canada and Turkey, Sandoz International, Germany (2005–2008)

### Mandates

- Member, Royal Pharmaceutical Society, UK
- Board member, GSK India, India (2018–2019)

### Education

- Bachelor of Pharmacy, University of Bradford, UK





### Susanne Schaffert, Ph.D.

President of Novartis Oncology since 2019 | Nationality: German | Year of birth: 1967

#### Professional experience

- Chairperson and President, Advanced Accelerator Applications, Switzerland (2018–2019)
- General Manager of Europe, Novartis Oncology, Italy (2012–2018)
- Global Head of Investor Relations, Novartis AG, Switzerland (2010–2012)
- Global Franchise Head for Immunology and Infectious Diseases, Novartis AG, Switzerland (2009–2010)
- General Manager of Northern and Central Europe, Novartis Oncology, Italy (2007–2009)
- General Manager of Germany, Novartis Oncology, Germany (2004–2007)

#### Mandates

- Board and executive committee member, European Federation of Pharmaceutical Industries and Associations (EFPIA), Belgium
- Represented Novartis on the board of GlaxoSmithKline Consumer Healthcare Holdings Ltd. (2015–2018)

#### Education

- Doctorate in organic chemistry, University of Erlangen, Germany



### John Tsai, M.D.

Head of Global Drug Development and Chief Medical Officer for Novartis since 2018 | Nationality: American | Year of birth: 1967

#### Professional experience

- Chief medical officer and senior vice president of Global Medical, Amgen Inc., US (2017–2018)
- Global head of clinical development for marketed products, Bristol-Meyers Squibb Co. (BMS), US (2016–2017)
- Full development team leader in oncology, BMS, US (2015–2016)
- Head of Worldwide Medical, BMS, US (2014–2015)
- Chief medical officer for Europe, BMS, France (2012–2014)
- Vice president of US Medical, BMS, US (2010–2012)
- Vice president of Cardiovascular Medical, BMS, US (2006–2010)

#### Education

- Doctor of medicine, University of Louisville School of Medicine, US
- Bachelor of Science in electrical engineering, Washington University in St. Louis, US



### Marie-France Tschudin

President of Novartis Pharmaceuticals since 2019 | Nationality: Swiss | Year of birth: 1971

#### Professional experience

- President, Advanced Accelerator Applications, France (March–June 2019)
- Europe Region Head, Novartis Pharmaceuticals, Switzerland (2017–2019)
- Corporate vice president of hematology and oncology for Europe, the Middle East and Africa, Celgene International, Switzerland (2014–2016)
- Regional vice president of northern Europe, Celgene International, Switzerland (2012–2014)
- General manager of Austria, Switzerland, the Czech Republic, Poland, Slovenia and Slovakia, Celgene International, Switzerland (2009–2011)
- Country manager of Switzerland, Celgene International, Switzerland (2008–2009)

#### Mandates

- Board member, IMD Foundation, Switzerland
- Board member, AXA, France

#### Education

- Master of Business Administration, IMD business school, Switzerland
- Bachelor of Science, Georgetown University, US



### Robert Weltevreden

Head of Customer & Technology Solutions (CTS) for Novartis since February 1, 2021 | Nationality: Dutch | Year of birth: 1969

#### Professional experience

- Head of Novartis Business Services (NBS), Novartis AG, Switzerland (2018–2021)
- Head of business services, Syngenta AG, Switzerland (2015–2017)
- Head of business process management, Syngenta AG, Switzerland (2014)
- Head of finance services, Syngenta AG, Switzerland, (2009–2014)
- Chief financial officer of the Asia-Pacific region, Syngenta Crop Protection AG, Singapore (2007–2009)

#### Education

- Master's degree in international finance, economics and business administration, Erasmus University Rotterdam, Netherlands
- Master of Business Administration in financial management, Vlerick Business School, Belgium



# Information and control systems

The Board's information and control systems vis-à-vis management include a steady flow of information from senior management; monthly financial reports; a comprehensive and integrated risk management framework; an integrated assurance framework; and the independent evaluation of our risk management and internal control framework by Internal Audit, a function of Novartis Business Assurance & Advisory (NBAA) (see "Item 15. Controls and Procedures").

## Information from senior management

The Board ensures that it receives sufficient information from the Executive Committee through:

- Monthly CEO reporting (including detailed written updates from each division and business unit head), frequent communications from the CEO on current developments, and a yearly presentation
- Executive Committee meeting minutes
- Regular meetings/teleconferences by the Board and/or Board committees with the CEO and/or other members of the Executive Committee (e.g., the CFO, the Chief Legal Officer, the Chief Ethics, Risk & Compliance Officer), and regular meetings/teleconferences with senior management (e.g., the Global Head of NBAA and Head of Internal Audit)
- Information from Executive Committee members or other Novartis employees, and visits to Novartis sites

To get an outside view, the Board and/or Board committees occasionally invite external advisors (e.g., the independent advisor of the Compensation Committee, the external auditor) to attend a meeting and/or represent a specific topic.

## Monthly financial reports

Novartis produces comprehensive, consolidated (unaudited) financial statements on a monthly basis for the Group and its operating divisions. These are typically available within 10 days after the end of the month, and include the following:

- Consolidated income statement of the month and year to date, in accordance with International Financial Reporting Standards (IFRS), as well as adjustments to arrive at core results, as defined by Novartis (see "Item 5. Operating and Financial Review and Prospects—Item 5.A Operating results—Non-IFRS measures as defined by Novartis"). The IFRS and core figures are compared to the prior-year period and targets in both USD and on a constant currency basis.
- Supplementary data on a monthly and year-to-date basis, such as free cash flow and earnings per share on a USD basis

Management information related to the consolidated income statements and free cash flow is made available to Board members through the monthly CEO Report, including an analysis of key deviations from the prior year or target.

Prior to the release of each quarter's results, the Board receives the actual consolidated financial statement information and an outlook of the full-year results in accordance with IFRS and core results (as defined by Novartis), together with related commentary.

Annually, in the middle of the year, the Board approves the Company's strategic plan for the next three years. In the fourth quarter of the year, the Board approves the operating targets for the following year as well as the financial targets for the following three-year period, including a projected consolidated income statement in USD prepared in accordance with IFRS and non-IFRS measures as defined by Novartis (core results).

The Board does not have direct access to the Novartis financial and management reporting systems but can, at any time, request more detailed information.

## Risk management

### Overview

At Novartis, our continued success depends on our ability to manage risk. Our Board has ultimate oversight of the Enterprise Risk Management (ERM) system and regularly reviews the most significant risks and how these risks are managed. As further explained below, the Board is supported by its committees. Furthermore, our Internal Audit function provides an independent evaluation of risk management (see “—Item 6.C Board practices—Information and control systems—Novartis Business Assurance & Advisory”).

### BOARD COMMITTEES

#### RISK COMMITTEE

- Oversees the risk management system and processes
- Reviews, together with management, the prioritization and handling of risks, the risk portfolio, and actions implemented by management
- Performs deep dives into key risk areas and fosters a culture of smart risk-taking
- Receives updates at its four annual meetings from designated risk owners as well as the Chief Ethics, Risk & Compliance Officer and/or the Head of Risk & Resilience

#### AUDIT AND COMPLIANCE COMMITTEE

- Ensures that Internal Audit plans are aligned with key risks and that the function provides independent assurance and insights around these risks
- Works closely with the Risk Committee to minimize gaps in risk coverage
- Reviews the integrated assurance report with the Chief Ethics, Risk & Compliance Officer and the Global Head of NBAA and Head of Internal Audit
- Receives a biannual presentation from the Chief Ethics, Risk & Compliance Officer
- Receives a quarterly presentation from the Global Head of NBAA and Head of Internal Audit on the progress of the risk-based audit plan and key insights from audit and advisory activities
- Pays particular attention to financial risk
- Has closed sessions individually with the Global Head of NBAA and Head of Internal Audit and, upon request, with the Chief Ethics, Risk & Compliance Officer

#### COMPENSATION COMMITTEE

- Works closely with the Risk Committee to ensure that the compensation system does not lead to excessive risk-taking (see “—Item 6.B Compensation—Compensation governance—Risk management principles”)

### EXECUTIVE COMMITTEE OF NOVARTIS

- Regularly assesses risks and fosters a culture of risk awareness, in line with the Novartis Values and Behaviors and the Novartis Code of Ethics

### ETHICS, RISK & COMPLIANCE

- Governs the Novartis Code of Ethics
- Provides an integrated ERM framework (further described in the following section)
- Governs the global compliance program within Novartis
- Administers the Enterprise Policy Management and global Internal Controls framework

### SENIOR LEADERS OF DIVISIONS, ORGANIZATIONAL UNITS AND GROUP FUNCTIONS, AT ALL LEVELS

- Provide appropriate risk management within their area of responsibility
- Establish adequate risk prevention and mitigation strategies when risk exposure is identified, including tracking progress and providing resources for possible actions
- Assess emerging risks, trends and overall exposure as part of the ERM process

### Enterprise Risk Management framework

The Ethics, Risk & Compliance (ERC) function provides an integrated ERM framework to obtain a holistic view of Company risks and drive a culture of smart risk-taking. Under the leadership of the Chief Ethics, Risk & Compliance Officer, the Risk & Resilience team is responsible for the overall ERM process. This process covers, but is not limited to covering, risks associated with:

- The research, development, manufacturing, marketing and sales of products
- Finance; taxes; intellectual property; compliance with law and regulations; security; product safety; human resources; and health, safety and environmental protection
- Business objectives and strategies, including mergers and acquisitions
- External factors such as the social, political and economic environment

The ERM process continued to evolve in 2021. The Risk & Resilience team conducted risk workshops and collaborated with all risk assurance/monitoring functions to identify key risks across the Company. Each Novartis unit organized a focused risk workshop at the leadership team level. In parallel, risk workshops were held in the top 11 countries (by revenue) and in certain focus markets. Once key risks were identified, mitigation action plans were created to effectively address them. The findings from these workshops were consolidated into the Novartis Risk Compass, which enables senior management, the Executive Committee and the Board to focus discussions on key risks and more closely align our corporate strategy with our risk exposure and ways of working.

In 2021, we further matured our ERM framework within the Novartis Risk & Resilience organization, developed additional risk management trainings, and integrated other critical risk management functions (like Third-Party Risk Management) into the Risk & Resilience department. Furthermore, a new team was established to coordinate and harmonize monitoring activities across the Company. The Enterprise Policy Management and Internal Control teams are progressing as planned to generate a holistic framework.

## Novartis Business Assurance & Advisory

NBAA brings together the independent functions of Global Security and Internal Audit, with Quality, Data Analytics, Operations and Strategy (QDOS) as their support and excellence function. It provides the business, management and Board with protection, independent advice and assurance so Novartis can better manage risks and opportunities, make more informed decisions, and achieve its objectives. NBAA also proactively shares insights through learnings from audits, advisories, reviews, investigations and anti-counterfeit activities to enable the business to better detect and address emerging risks, trends and developments.

### SpeakUp Office

Our SpeakUp Office provides a safe place for employees to report potential misconduct. They have the option to do so anonymously. The SpeakUp Office moved from NBAA to ERC in 2021 to further support an integrated and holistic compliance system.

### Internal Audit

The purpose of Internal Audit is to assist the Board and the Executive Committee in discharging their governance responsibilities by providing independent assurance and advice on the effectiveness, efficiency and adequacy of processes and controls that support Novartis in achieving its objectives, managing its major risks, and ensuring compliance with applicable policies, laws and regulations. The Internal Audit function executes the risk-based annual audit plan approved by the Audit and Compliance Committee (ACC) at the Group and entity levels, and reports the results to the audited units, the Executive Committee and the ACC (in the form of formal quarterly updates).

Potential material irregularities are escalated to the ACC and to the SpeakUp Office for triage and possible investigation, and action plans are developed together with the audited units. Moreover, Internal Audit conducts follow-up for high-risk findings prior to the due date for remediation actions. Overdue high-risk findings are reported to the ACC on a quarterly basis. If the audit opinion is “needs major improvement,” a follow-up audit takes place the next year. Audit findings and action plans are stored and monitored in a single application to enable efficient follow-up.

In 2021, a larger proportion of the plan was focused on assurance in comparison to 2020, with good coverage of ERM Group risks as well as emerging topics including digital, gene therapies and business continuity management. More flexibility and agility were built into the plan, meaning Internal Audit could respond to new risks and business requests throughout the year, adding ten new engagements and progressing toward its real-time assurance aspiration. The following outlines the number of audits, internal reviews and advisories performed in 2021, and key topics repeatedly observed.

## 2021 INTERNAL AUDIT ACTIVITIES AND OBSERVATIONS

### AUDITS

46

### INTERNAL REVIEWS

10

### ADVISORIES

14

### Recurring observations relate to:

- ▶ Data governance and management; oversight of digital initiatives
- ▶ Third-party management, including subcontracting oversight
- ▶ Design of some commercial and R&D processes, and cross-functional collaboration over complex programs, such as Enterprise Resource Planning (ERP) implementation
- ▶ Patient support program, including monitoring of external service providers

Internal Audit performed 100% of planned activities (equating to 70 engagements) in 2021, most conducted remotely, despite the obstacles created by COVID-19. These engagements comprised 46 audits, 14 advisories and 10 internal reviews covering the entire value chain of Novartis and key strategic and operational risks. Internal Audit has developed a hybrid model for engagement delivery, choosing between remote and in-person auditing based on the engagement scope and COVID-19 situation within the audited entity.

NBAA and ERC continue to work toward integrated assurance by improving collaboration across all Novartis risk and assurance/monitoring providers. This includes the coordination of internal plans; alignment on terminology (e.g., root cause analysis) and risk areas; development of the integrated assurance map with aligned messaging and reporting; and increased communication around potential issues and risks. On a quarterly basis, to increase the level of assurance provided, NBAA reports to the ACC and the Executive Committee on key insights from all risk and monitoring functions, including key risks identified, emerging trends and monitoring coverage, comparing it with the Internal Audit insights.

### Global Security

Global Security proactively collects and shares threat intelligence to protect Novartis from situations that may compromise the safety of people, products and assets, and the reputation of our organization. Global Security protects patients from counterfeit products and, as part of the SpeakUp process, performs fair and timely investigations into high-risk cases of alleged internal misconduct. It also provides personal security advice and support for Novartis executives and other employees with utmost discretion.

### NBAA leadership

Our Global Head of NBAA and Head of Internal Audit reports administratively to the CEO, and functionally to the Chair of the ACC, and meets with the latter and the Chairman at least quarterly. She is a standing guest at the Executive Committee meetings. She has full access to the ACC and the Chairman, and confirms the organizational independence of the Internal Audit function annually to the ACC.

# Auditors

## Duration of the mandate and terms of office

On behalf of the Board, the ACC selects and nominates an independent auditor for election at the AGM. PwC assumed its existing auditing mandate for Novartis in 1996. Claudia Benz, auditor in charge, began serving in her role in 2021, and Kris Muller, global relationship partner, began serving in her role in 2019. The ACC together with PwC ensure that these partners are rotated at least every five years.

## Auditing fees and additional fees

The ACC monitors and preapproves the fees paid to the external auditor for all audit and non-audit services. It has developed and approved a policy with clear guidelines on the engagement of the independent auditor firm. This policy is designed to help ensure that the independence of the external auditor is maintained. It limits the scope of services that the external auditor may provide to the Group, stipulating certain permissible types of audit-related and non-audit services, including tax services and other services that have been preapproved by the ACC. The ACC preapproves all other services on a case-by-case basis.

The external auditor is required to report periodically to the ACC about the scope of the services it has provided to the Group and the fees for the services it has performed to date. PwC fees for professional services related to the 12-month periods ended December 31, 2021, and December 31, 2020, are as follows:

	2021 USD million	2020 USD million
Audit services	22.2	20.5
Audit-related services	1.5	1.4
Tax services	0.1	0.4
Other services	1.4	1.2
<b>Total</b>	<b>25.2</b>	<b>23.5</b>

Audit services include work performed to issue opinions on consolidated financial statements and parent company financial statements of Novartis AG, to issue opinions related to the effectiveness of the Group's internal control over financial reporting, and to issue reports on local statutory financial statements. Also included are audit services that generally can only be provided by the statutory auditor, such as the audit of the Compensation Report, audits of the adoption of new accounting policies, audits of information systems and the related control environment, as well as reviews of quarterly financial results.

Audit-related services include other assurance services provided by the independent auditor but not restricted to those that can only be provided by the statutory auditor. They include services such as audits of pension and other employee benefit plans; audits in connection with non-recurring transactions; contract audits of third-party arrangements; corporate responsibility assurance; and other audit-related services.

Tax services represent tax compliance, assistance with historical tax matters, and other tax-related services.

Other services include procedures related to corporate integrity agreements, benchmarking studies, and license fees for use of accounting and other reporting guidance databases.

## Information to the Board and the ACC

The ACC, acting on behalf of the Board, is responsible for overseeing the activities of the external auditor. In 2021, this committee held eight meetings. PwC was invited to all of these meetings to attend the discussions on auditing matters and any other matters relevant to its audit.

The ACC recommended to the Board to approve the audited consolidated financial statements and the separate parent company financial statements of Novartis AG for the year ended December 31, 2021. The Board proposed the acceptance of these financial statements for approval by the shareholders at the next AGM.

The ACC regularly evaluates the performance of the external auditor and, based on this, once a year determines whether the external auditor should be proposed to the shareholders for re-election. To assess the performance of the external auditor, the ACC holds private meetings with the CFO and the Global Head of NBAA and Head of Internal Audit and, if necessary, obtains an independent external assessment. Criteria applied for the performance assessment of the external auditor include an evaluation of its technical and operational competence; its independence and objectivity; the sufficiency of the resources it has employed; its focus on areas of significant risk to Novartis; its willingness to probe and challenge; its ability to provide effective, practical recommendations; and the openness and effectiveness of its communications and coordination with the ACC, the Internal Audit function and management.

Once a year, the auditor in charge and the global relationship partner report to the Board on the external auditor's activities during the current year and on the audit plan for the coming year.

On an annual basis, the external auditor provides the ACC with written disclosures required by the US Public Company Accounting Oversight Board, and the committee and the external auditor discuss the external auditor's independence from Novartis.

## **Auditor tender process**

In April 2020, upon proposal by the ACC, the Board decided to invite several audit firms, including PwC, to participate in a tender process that would lead to the selection of an external auditor to be proposed for election at the 2022 AGM. The audit tender was conducted through a fair, transparent and balanced process according to defined selection criteria under a strong governance structure, ensuring that all audit firms had equal access to management and information. Based on the

results of this tendering process, the ACC shortlisted two firms and, based on the assessment of those two firms against the selection criteria, the Board decided to propose to the shareholders at the 2022 AGM the election of KPMG as the external auditor commencing for the 2022 financial year. If KPMG is elected as our new external auditor at the 2022 AGM, PwC's mandate as our external auditor will end at the conclusion of the 2022 AGM, and KPMG will serve as our external auditor for the 2022 financial year.



# Information policy

Novartis is committed to open and transparent communication with shareholders, investors, financial analysts, customers, suppliers and other stakeholders. Novartis disseminates information about material developments in its businesses in a broad and timely manner that complies with the rules of the SIX Swiss Exchange and the NYSE.

## Communications

Novartis publishes this Annual Report to provide information on the Group's results and operations. Novartis discloses financial results in accordance with IFRS on a quarterly basis, and issues press releases from time to time regarding business developments.

Novartis publishes press releases related to financial results and material events to the US Securities and Exchange Commission (SEC) via Form 6-K. An archive containing annual reports, US SEC Form 20-F, quarterly results releases and all related materials – including presentations and conference call webcasts – is available at [www.novartis.com/investors](http://www.novartis.com/investors).

Novartis also publishes a Novartis in Society Integrated Report, available at [www.reporting.novartis.com](http://www.reporting.novartis.com), which highlights progress on the Company's five strategic priorities and describes how Novartis creates value for diverse stakeholders. The Novartis in Society Integrated Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and fulfills the Company's reporting requirement as a signatory of the United Nations Global Compact.

The information on Board and Executive Committee compensation is outlined in the Compensation Report (see “—Item 6.B Compensation” in general, and for cer-

tain compensation information with respect to our Board that is responsive to Item 6.C.2 of Form 20-F, see “—Item 6.B Compensation—2021 Board compensation—Philosophy and benchmarking”). Please also refer to articles 29-35 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)). There are no change-of-control and “golden parachute” clauses benefiting Board members, Executive Committee members, or other members of senior management. Employment contracts with Executive Committee members are either for a fixed term not exceeding one year or for an indefinite period with a notice period not exceeding 12 months, and do not contain commissions for the acquisition or transfer of enterprises or severance payments. No loans or credits are granted to Board and Executive Committee members.

Information contained in reports and releases issued by Novartis is only correct and accurate at the time of release. Novartis does not update past releases to reflect subsequent events, and advises against relying on them for current information.

## Investor Relations

Investor Relations manages the Group's interactions with the international financial community. Several events are held each year to provide institutional investors and analysts with various opportunities to learn more about Novartis.

Investor Relations is based at the Group's headquarters in Basel. Part of the team is located in the US to coordinate interaction with US investors. More information is available at [www.novartis.com/investors](http://www.novartis.com/investors).

## Website information

Topic	Information
<b>Share capital</b>	Articles of Incorporation of Novartis AG <a href="http://www.novartis.com/investors/company-overview/corporate-governance">www.novartis.com/investors/company-overview/corporate-governance</a> Novartis key share data <a href="http://www.novartis.com/investors/share-data-analysis">www.novartis.com/investors/share-data-analysis</a>
<b>Shareholder rights</b>	Articles of Incorporation of Novartis AG <a href="http://www.novartis.com/investors/company-overview/corporate-governance">www.novartis.com/investors/company-overview/corporate-governance</a>
<b>Annual General Meeting of Shareholders</b>	Annual General Meeting of Shareholders <a href="http://www.novartis.com/investors/shareholder-information/annual-general-meeting">www.novartis.com/investors/shareholder-information/annual-general-meeting</a>
<b>Board Regulations</b>	Board Regulations <a href="http://www.novartis.com/investors/company-overview/corporate-governance">www.novartis.com/investors/company-overview/corporate-governance</a>
<b>Novartis code for senior financial officers</b>	Novartis Code of Ethical Conduct for CEO and Senior Financial Officers <a href="http://www.novartis.com/investors/company-overview/corporate-governance">www.novartis.com/investors/company-overview/corporate-governance</a>
<b>Novartis in Society Integrated Report</b>	Novartis in Society Integrated Report <a href="http://www.reporting.novartis.com">www.reporting.novartis.com</a>
<b>Novartis financial data</b>	Novartis financial data <a href="http://www.novartis.com/investors/financial-data">www.novartis.com/investors/financial-data</a>
<b>Press releases</b>	Press releases <a href="http://www.novartis.com/news/news-archive?type=media_release">www.novartis.com/news/news-archive?type=media_release</a> Free email service <a href="http://www.novartis.com/news/stay-up-to-date">www.novartis.com/news/stay-up-to-date</a>
<b>Additional information (including Novartis investor event calendar, registered office, contact and email addresses, phone numbers, etc.)</b>	Novartis Investor Relations <a href="http://www.novartis.com/investors">www.novartis.com/investors</a>



## Quiet periods

According to our Global Insider Policy, employees who have access to material non-public information on a regular basis are designated as Continuing Insiders and are banned from trading in Novartis securities during quiet periods. Limited exemptions for the expiry of options or warrants within a quiet period apply. Our quarterly quiet periods commence at the beginning of the last trading day of each calendar quarter and end at the beginning of the first trading day after the subsequent release of the quarterly and/or annual results.

In 2021, the following quiet periods applied:

- December 30, 2020, until (and including) January 26, 2021
- March 31, 2021, until (and including) April 27, 2021
- June 30, 2021, until (and including) July 21, 2021
- September 30, 2021, until (and including) October 26, 2021
- December 30, 2021, until (and including) February 2, 2022