

Novartis Tax Policy Statement

December 2018, updated June 2022

Introduction

The growing interest in the environmental, social and governance (ESG) performance of companies includes a focus on the tax policies and principles of multinational corporations. The aim of this document is to provide transparency for our stakeholders to ensure a proper understanding of the way Novartis approaches tax policy matters.

Tax Governance

Novartis views tax as a core part of our contribution to society. Governance of tax matters is overseen by the Board of Directors. Where appropriate, tax risks are escalated to the Board for review and tax decisions are presented to the Board for endorsement. The Novartis Tax Policy Statement is approved by the Board of Directors.

The Novartis tax governance framework, which has been approved by the Finance and Governance Committee chaired by the Chief Executive Officer, ensures that controls are in place to monitor and enforce tax governance rules and procedures at all levels of the Novartis organization.

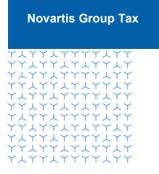
Compliance

Novartis is committed to observing all applicable laws, rules and regulations in meeting its tax compliance and reporting responsibilities in all jurisdictions where it operates, and to ensure compliance with all relevant legal disclosure requirements.

Novartis applies diligent professional care and judgement, including ensuring that all decisions are taken at an appropriate level and are supported by consistent processes and guidelines and thorough documentation.

Tax Planning

Novartis maintains and follows a transfer pricing policy that is based on OECD Transfer Pricing Guidelines and on the Base Erosion and Profit Shifting ("BEPS") Project deliverables. In particular, Novartis follows the principles that profits should accrue where economic value is created (and risks are assumed) and that our corporate structure is aligned with our business purpose and operations. Novartis supports the OECD/G20 international tax reform ambition to address tax challenges arising from a digitalization of the economy.



Novartis tax strategy includes paying a fair share of taxes in the countries where we operate. Novartis does not undertake artificial tax planning with the intention of avoiding taxes using so-called 'tax haven' arrangements.

Transparency

Novartis is committed to a collaborative and transparent approach to tax compliance and tax planning, including in our relationships with tax authorities.

Novartis prepares a report that details the taxes paid in each country where we operate. This country-by-country report is lodged with the Swiss Tax Authorities and made available to other tax authorities under the protocols for the automatic exchange of tax information.

Novartis also publishes a list of all of its principal subsidiaries and associated companies in its annual 20-F filing to the US Securities and Exchange Commission and Annual Report filing to the SIX Swiss Exchange.