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In particular, our expectations could be affected by, among other things: global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; regulatory actions or delays or government regulation generally, including potential regulatory actions or delays with respect to the development of the products described in this presentation; the potential that the proposed 100% spinoff of the Alcon Division may not be approved by our shareholders, or that it may not be completed, or completed as currently proposed, or at any particular time; the potential that the strategic benefits, synergies or opportunities expected from the proposed 100% spinoff of the Alcon Division may not be realized or may take longer to realize than expected, or that the proposed spinoff may not in fact maximize shareholder value; the potential that the strategic benefits, synergies or opportunities expected from the significant acquisitions and reorganizations of recent years may not be realized or may take longer to realize than expected; the inherent uncertainties involved in predicting shareholder returns; the uncertainties inherent in the research and development of new healthcare products, including clinical trial results and additional analysis of existing clinical data; our ability to obtain or maintain proprietary intellectual property protection, including the ultimate extent of the impact on Novartis of the loss of patent protection and exclusivity on key products which commenced in prior years and will continue this year; safety, quality or manufacturing issues; uncertainties regarding actual or potential legal proceedings, including, among others, actual or potential product liability litigation, litigation and investigations regarding sales and marketing practices, intellectual property disputes and government investigations generally; uncertainties involved in the development or adoption of potentially transformational technologies and business models; general political and economic conditions, including uncertainties regarding the effects of ongoing instability in various parts of the world; uncertainties regarding future global exchange rates; uncertainties regarding future demand for our products; and uncertainties regarding potential significant breaches of data security or data privacy, or disruptions of our information technology systems; and other risks and factors referred to in Novartis AG’s current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this presentation as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.
Board and Executive Committee agreed on five strategic priorities for Novartis, two of which are Culture and Trust & Reputation.

Focus the company and our capital

Pursue 5 priorities to drive growth

Operational Execution
Breakthrough Innovation
Data / Digital Leadership
Trust & Reputation
Culture Transformation
Culture, Trust & Reputation linked; Board and Executive Committee identified pillars to accelerate the journey to transform these

We must accelerate our journey on:

- Culture Transformation
- Trust & Reputation
- Ethical standards
- Pricing and access
- Global health challenges
- Corporate citizenship
- Transparency & disclosure
Culture drives reputation, performance and innovation

Reputation

BP Deepwater: $65bn fines
The Guardian stated that BP did not possess a functioning safety culture and that it was operating under a culture of complacency

Performance

Productive output

Dissatisfied 71%
Satisfied 100%
Engaged 144%
Inspired 225%

Innovation

“After studying innovation among 759 companies in 17 markets, researchers found that corporate culture was a much more important driver of radical innovation than labor, capital, government or national culture.”

MIT Sloan Management Review

1. Relationship between employee satisfaction level and performance: Bain & Company and EIU Research, 2015
Culture transformation can help us to deliver on our strategy

Assessing culture transformation thru:

- Upward feedback (importance of middle management feedback)
- Novartis Organization Culture Inventory reviewed by the Board and ECN
- Novartis Global Employee Survey

Aspired culture:
- Collaborative
- Inclusive
- Empowered
- Curious
- Inspired
Hold ourselves to the highest ethical standards

Key actions

- Continue to reinforce our message and tone at the top
- Chief Ethics, Risk and Compliance Officer elevated to Executive Committee
- Continue to strengthen our approach to risk management
- Adjusted incentives for our sales teams around the world
- Embedding principles-based decision-making in the organization
- Rolling out data analytics for compliance monitoring
Currently embedding P3 principles during decision-making

Good decisions

don’t come from a complex set of rules but from clear, principles-based thinking

focused on: purpose and intent

What is P3?

▪ Professional Practices Policy (P3), oriented around 5 principles and supported by 7 guidelines

▪ It focuses our discussions on understanding purpose and intent

▪ Enables professional judgment across all activities, and equips us to meet society’s changing expectations
And we are better leveraging data to capture trends and identify issues

I&C Dashboard

- Consolidate fragmented information
  HR, Finance, BPO, Internal Audit, Compliance monitoring

- Facilitate cross-divisional collaboration

- Enable identification of trends & outliers
Our metrics confirm we are making good progress.

Strengthening the Integrity & Compliance (I&C) Function

- **I&C resources**
  - 2016: 375 FTE
  - 2017: 475 FTE (27% increase)

- **I&C Client Satisfaction Survey 2017**
  - 74% of respondents said they were likely to recommend our services
  - 3.8/5 satisfaction with I&C services
  - 266 participants recognized individuals for excellent services

Enhancing monitoring efforts

As per September 17, 2018

- **Country & monitoring visits**
  - 2016: >150 visits
  - 2017: 230 visits (50% increase)
  - H1 2018: 106 visits

Continuous training

- **Code of Conduct e-training 2017**: 98%
- **Anti-Bribery e-training 2017**: 97%

Driving speak-up

- 2015: 1012 allegations substantiated
- 2016: 1303 allegations substantiated
- 2017: 2031 allegations substantiated (31% increase)
- 2015: 1806 misconduct cases reported
- 2016: 1147 misconduct cases reported
- 2017: 1805 misconduct cases reported

**Notes:**
1. Of invited population. 2. The number of substantiated allegations may change due to the fact that investigation reports with assessments are received on an ongoing basis which potentially leads to a difference of numbers at a later stage. 3. The number of misconduct cases reported may change as matters may be reassessed in the course of the case lifecycle.
What can you expect from us?

- Continued strong **tone from the top**
- Continue to use data to become more **predictive about risk**
- Further strengthening of our **Third Party Risk Management**
- Continue to assess **ethical competencies in hiring and promotions**
- Focus on resolving **legacy issues** and addressing underlying behaviors
- **Transparency** about lessons learnt
- More focus on **shaping the external environment**
We have started the journey to integrate Access Principles into our overall business strategy

Novartis Global Health & Corporate Responsibility evolution

**First Novartis CR Materiality Assessment**
- Healthy Family launched in India
- CR team is part of Corporate Affairs

**2006-2011**
- CR team reporting to a CEO direct report

**2012-2014**
- New CR strategy endorsed by ECN & GNCRC

**2015-2017**
- Second Novartis CR Materiality Assessment
- CR Head is a full-time direct report of CEO
- ECN & GNCRC endorse ESG Action List and Novartis Access Principles
- Novartis Access launched as SDGs launched

**2018+**
- Access principles are part of all ECN member objectives
- Access as part of Integrated Product Strategy
- Global Health & Corporate Responsibility team created - Head reports to CEO

ECN – Executive Committee of Novartis  GNCRC – Governance, Nomination and Corporate Responsibilities Committee of the Board of Directors
At Novartis, we use science-based innovation to address some of society’s most challenging healthcare issues.

We discover and develop breakthrough treatments and **find new ways to deliver them to as many people as possible.**
ESG Action Items and Access Principles were endorsed by both the Executive Committee and GNCRC at the end of 2017

**ESG Action Items**

Stakeholder, agencies and reputation efforts:
- Pricing / Access
- Intellectual Property
- R&D
- Human Capital
- Ethical Business
- Corporate Responsibility Management

**Access Principles**

Systematic patient access approach:
- Affordability
- Adaptive R&D
- Systems strengthening

GNCRC – Governance, Nomination and Corporate Responsibilities Committee of the Board of Directors
Continue to implement our Access Strategy Framework

Population size
In % per income segment

- 7% high Income
- 9% upper-middle to high income
- 13% middle income
- 55% low income
- 16% poor

Approaches

- Original brands
- Generics
- Tenders

Patient assistance programs

- Generics
  - Differential pricing
  - Patient assistance programs
  - Strategic philanthropy
  - Tenders

Novartis Social Business
- Novartis Access
- Novartis Healthy Family
- Novartis Malaria Initiative

- Donations
- Strategic philanthropy
- Tenders
Leveraging Emerging Market Brands to increase access in Innovative Medicines

123 Emerging Markets Brands approved

Estimated number of patients reached¹ (000s)

We have reduced time for Emerging Markets Brands submission to be within 1 year after US/ EU submission (previously 8-10 years)

Source: Emerging Markets Brands (EMB) Launch Platform May 25, 2018. Among 72 under implementation, 45 already in the EMB Launch Platform and 27 yet to be created (new approvals); regional numbers excludes co-marketing and contingency projects ¹. Patient equivalent based on daily dosage, compliance, and other factors

NOVARTIS
Further expanding the Novartis Access program

Milestones achieved

In two years, program launched in 6 countries: Kenya, Ethiopia, Rwanda, Pakistan, Uganda, Cameroon

Delivered more than 800,000 monthly treatments in 4 countries and have submitted 502 products in 24 countries

Challenges

- Hurdles bigger than anticipated (e.g. selling a portfolio of products versus single molecule tender)
- Uptake of the program taking longer than expected

Future focus

Continue to roll out Novartis Access as planned in the public sector in sub-Saharan Africa, Southeast Asia, Central America and Central and Eastern Europe

Test new approach in 7 countries: Cambodia, Laos, Malawi, Nepal, Rwanda, Tanzania and Uganda

Novartis Social Business (including Novartis Access) to be responsible for the entire Novartis offering
Kenyatta Hospital – INTERLIFE Health Systems Strengthening; Renal Transplantation
Health Systems Strengthening: driving innovative approaches to deliver medicines

Please see appendix to learn more on how Novartis supports the Last Mile Health program for community health workers
We continue to play a leading role in the elimination efforts of selected Neglected Tropical Diseases

Novartis drives Global Partnership for Zero Leprosy

Novartis joins USD 4bn Gates-Led push to fight Malaria – USD 100mn portfolio investment KAE609/ KAF156

Novartis extends agreement with WHO for the donation of Egaten® for liver fluke
Details of our other programs in appendix

Novartis Malaria Initiative
Aiming to control and eliminate malaria

Healthy Family
Health education/care for rural communities

Novartis Foundation
Improving the health of the poorest populations

Leprosy
Leading the fight toward elimination for 30 years
Leprosy highlights: https://youtu.be/LwpuzfnDal8

SMS for Life
Using mobile technology to improve quality of care

Novartis Oncology Access
Patient-centric solutions to meet local needs

Novartis Living Wage Program
Living wage on a global scale
Executive Committee recently endorsed new targets for environmental sustainability

<table>
<thead>
<tr>
<th>Ambition</th>
<th>Climate</th>
<th>Waste</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ambition</strong></td>
<td>Carbon neutrality</td>
<td>Plastic neutrality</td>
<td>Water sustainability</td>
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<tr>
<td></td>
<td>Energy and climate resilient</td>
<td>Minimize waste and increase material efficiency</td>
<td>Ensure sufficient and safe water, by being a water steward wherever we operate</td>
</tr>
<tr>
<td><strong>2025 targets</strong></td>
<td>Carbon-neutral in our own operations (Scope 1 and 2)</td>
<td>Eliminate PVC in packaging</td>
<td>Water consumption reduced by half in our operations</td>
</tr>
<tr>
<td></td>
<td>Environmental criteria in all supplier contracts</td>
<td>Waste disposal reduced by half</td>
<td>No water quality impacts from manufacturing effluents</td>
</tr>
<tr>
<td><strong>2030 targets</strong></td>
<td>Carbon footprint reduced by half (Scope 1, 2 and 3)</td>
<td>Plastic neutral</td>
<td>Water neutral in all areas</td>
</tr>
<tr>
<td></td>
<td>All new products meet sustainable design principles</td>
<td>Enhance water quality wherever we operate</td>
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Announced a Virtual Power Purchase Agreement (VPPA)

In collaboration with Invenergy, North America’s largest privately held renewable energy company

- Initiative aims to add 100 megawatts (MW) of wind power to the electrical grid
- Expected to be online in 2019 and to reduce Novartis greenhouse gas emissions by more than 220,000 metric tons per year through the issuance of renewable energy attributes that Novartis will use to account and report on its greenhouse gas Scope 2 emissions (equivalent to removing more than 48,000 passenger vehicles from the road each year)
- Electricity will be generated from Invenergy’s Santa Rita East wind farm near San Angelo, Texas
Improve transparency and evolve our reporting

Key actions

- Continue to publish US Transparency and Patient Access Report
- Champion transparency on payments to healthcare professionals
- Increase our reporting on Financial, Environmental and Social (FES) impact on society
- Improve public reporting to better meet the needs of ESG analysts and rating agencies

Selected reports

<table>
<thead>
<tr>
<th>Corporate Responsibility performance report</th>
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<table>
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<tr>
<th>Materiality Report</th>
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</table>
Conclusions

Culture, Trust & Reputation are key strategic priorities for Novartis

Significant progress made to drive a culture of integrity and strengthen compliance

Integrating Access Principles into our overall business strategy

Playing a leading role in the elimination efforts of Neglected Tropical Diseases
Appendix
2017 Materiality assessment confirmed four priority areas of focus: access, ethical business practices, innovation, patient health & safety
Our work is recognized globally
And actively contributes to the UN Sustainable Development Goals
<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Aggregated numbers or period-end info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of submissions / approvals for Novartis Access products</td>
<td>41 / 12</td>
<td>329 / 72</td>
<td>132 / 137</td>
<td>502 / 221</td>
</tr>
<tr>
<td>Number of new countries in which Novartis Access products are submitted*</td>
<td>9</td>
<td>12</td>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>Number of monthly treatments delivered</td>
<td>39,985</td>
<td>84,448</td>
<td>685,233</td>
<td>809,666</td>
</tr>
<tr>
<td>Number of patients reached with Novartis Access products</td>
<td>3,397</td>
<td>8,470</td>
<td>386,463</td>
<td>398,330</td>
</tr>
<tr>
<td>Number of FTEs working on Novartis Access*</td>
<td>10</td>
<td>14</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

* Externally assured

1. The patient number was calculated based on treatment delivered and the following elements: daily treatment doses, treatment duration, treatment adherence and potential treatment overlap (as it is common for NCD patients to take several drugs). The treatment adherence and treatment overlap factors are based on assumptions from developed markets and will be revisited when we gain additional insights from Novartis Access roll-out countries.

2. Full-time equivalent positions and contractors.
Expanding Access: Our programs

Purpose into action
Novartis Access: Aiming to fight chronic diseases in lower-income countries

What is it?
An innovative portfolio of 15 on- and off-patent medicines against cardiovascular diseases, type 2 diabetes, respiratory illnesses and breast cancer

Each brings affordable treatments to patients suffering from key chronic diseases in low- and lower-middle- income countries

Affordable treatments for most in need
The portfolio is available to governments and NGOs at an average price of USD 1 per treatment per month

Improving healthcare at scale
By 2020, Novartis Access aims to reach patients in 30 countries

75% of chronic disease deaths occur in low- and middle-income countries

http://www.who.int/mediacentre/factsheets/fs355/en/
Novartis Malaria Initiative: Aiming to control and eliminate malaria

What is it?
The Novartis Malaria Initiative aims to meet patient needs through four key pillars: treatment, access, capacity building, research & development

History-making
The Novartis Malaria Initiative is one of the largest access-to-medicine programs in the industry, with more than 850 million treatments delivered without profit since 2001

Gold standard
Novartis has a long heritage in antimalarial drug development
- First child-friendly ACT
- High-strength ACT for reduced pill burden
- Two next-generation compounds in Phase II clinical development

216 million
Malaria cases and 445,000 malaria deaths in 2016

Healthy Family: Health education and care for rural communities

What is it?
The Novartis Healthy Family programs use innovative business models that build local, sustainable capabilities for healthcare around the world – including access to healthcare, education, infrastructure and distribution

Impact at scale
- Since 2010 programs in India, Kenya and Vietnam have reached more than 40 million people with health education
- More than 3 million patients attended health camps since 2010

4.3 million
An additional 4.3 million health workers are needed worldwide

http://www.who.int/hrh/education/en/
Novartis Foundation: Improving the health of the poorest populations

What is it?
The Novartis Foundation works hand-in-hand with local and global partners to catalyze scalable and sustainable healthcare models to improve access and health outcomes.

We also accelerate efforts to eliminate leprosy and malaria by focusing on interventions that aim to interrupt disease transmission.

Investment for change
In 2016, the Novartis Foundation invested nearly USD 15 million in its programs, reaching more than 7 million people.

400 million
People do not have access to essential health services

Leprosy: Leading the fight toward elimination for 30 years

What is it?
Since 2000, Novartis free treatments have reached more than 7 million leprosy patients worldwide. Novartis renewed its pledge with the WHO to extend its medicine donation to reach an estimated 1.3 million patients until 2020

Pillars for change
The Novartis Foundation strategy to achieve zero leprosy transmission is based on four pillars:
- Early diagnosis and treatment
- Contact-tracing and preventative treatment
- New diagnostic tools
- Surveillance and response systems

1.2 million
People are visibly and irreversibly disabled by leprosy

SMS for Life: Using mobile technology to improve quality of care

What is it?
SMS for Life uses mobile phones, SMS and mapping tools to help prevent health facilities in Africa from running out of essential medicines.

It is currently used by more than 10,000 public health facilities.

Technology for change
A new tablet-based version, SMS for Life 2.0, was launched in Kaduna State, Nigeria, and in Zambia to improve access to essential medicines and vaccines, increase disease surveillance and train local healthcare workers.

In many African countries, challenges in the supply chain lead to medicine stock-outs in rural facilities.
NITD: Discovering treatments against neglected diseases

What is it?
The Novartis Institute for Tropical Diseases is dedicated to finding new medicines to treat neglected infectious diseases, including dengue fever, malaria and African sleeping sickness.

Innovation
Novartis has two potential antimalarial therapies in Phase II clinical trials – both are new classes of compounds that could help combat growing resistance to artemisinin.

1.7 billion
People need treatment for neglected tropical diseases

Novartis Oncology Access: Patient-centric solutions to meet local needs

What is it?
A cost-sharing patient assistance program with governments, healthcare systems, charities, payers and patients

Change at scale
Novartis Oncology Access (NOA) is one of the most far-reaching patient assistance programs ever implemented. It is active in Asia, the Middle East, Central and Eastern Europe, Africa and Latin America

For the most difficult challenges
NOA portfolio includes treatments against two rare forms of cancer and thalassemia; reaching almost 83,000 patients globally in 2017

65%
Of cancer deaths occur in developing countries

Together with our partners Last Mile Health we help enhance the skills of community health workers

- Aim to enhance the skills of over 30,000 community health workers globally by 2021
- Global faculty network from over 15 organizations in Africa, Asia and the Americas
- Partners include Digital Campus and HarvardX/edX


Community Health Assistant takes a video lesson on correct dosing of antibiotics to treat pneumonia, a leading cause of preventable child deaths. (Credit: Last Mile Health)
Doing Business Responsibly

Meeting society’s increasingly high expectations
Caring for our associates and fostering community engagement

Living wage on a global scale Novartis led the way

Novartis Corporate Volunteering Platform
3,800 associates from 23 countries using the platform since 2015
Protecting and promoting the health of our associates

Creating a safety culture
Ongoing training programs and annual targets are bringing us closer to our goal of an accident-free environment for all.
75% reduction in number of incidents resulting in lost time since 2005

Health
Workplace health and well-being programs addressing lifestyle can help prevent up to 40% of chronic diseases

Giving back to communities through associate volunteering

Community spirit
Each year, Community Partnership Day commemorates the founding of Novartis and associates around the world volunteer time to their local communities.

Skills & capability development
The Novartis Corporate Volunteering program operates a virtual platform that matches volunteers with volunteering opportunities:

- 689 associates registered to donate pro bono skills and time in 2017
- 180 new projects initiated

24,500
Associates donated 187,000 hours on Community Partnership Day 2017